

China and U.S. Clashing Anew in Pacific Forum

Differences on Security and Trade Begin to Disturb Asian Meeting

By Michael Richardson
International Herald Tribune

OSAKA, Japan — Despite a recent thaw in their bilateral relations, the United States and China each seem intent on pursuing policies in the Asia-Pacific Economic Cooperation forum that the other firmly opposes.

That was made clear in the security area Wednesday when William J. Perry, the U.S. secretary of defense, said in an interview published in Japan that the APEC forum should be "expanded" from a regional group dealing exclusively with trade, aid and economic matters to one that included "security issues as well." Beijing has consistently opposed such a move.

For its part, China is trying to use APEC as leverage to get the United States to grant it unconditional most favored nation trading status. That would guarantee the lowest possible duties on China's exports and reduce the scope for U.S. critics of its human rights and other policies to apply pressure for reform.

The moves by both countries are upsetting their recent rapprochement and causing fissures in APEC as the group struggles to establish a trans-Pacific free trade accord.

Warren M. Christopher, the U.S. secretary of state, who arrived in Osaka on Wednesday for the meetings, will confer Thursday with Qian Qichen, the Chinese foreign minister.

Mr. Qian is expected to tell Mr. Christo-

pher that China opposes moves to turn APEC, which has 18 Asian and Pacific members, into a security organization. The reason, analysts said, is that Beijing suspects that the United States wants to buttress its military presence in the region through APEC.

In the interview with Japan's Nihon Keizai Shimbun newspaper, Mr. Perry was careful to avoid any suggestion that he viewed the organization as a Cold War-style defense pact.

He said that in the future it would be desirable for the United States, China and Japan to hold "confidence-building transparency discussions" to head off a possible arms race in the region.

He said that there was "also the potential of other multilateral security relationships growing out of APEC."

These, he said, could be modeled on the Partnership for Peace in Europe, which is sponsored by the United States and which seeks to draw together former Cold War adversaries by encouraging them to exchange defense information and cooperate militarily.

"I think it's desirable to see APEC play a multilateral security role in these non-controversial areas, such as confidence-building measures," Mr. Perry said.

Some officials of APEC countries expressed concern at his proposal, saying it was premature and could be counterproductive, especially with China.

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Japan Military Gains Respect As U.S. Presence Is Questioned

By Mary Jordan
Washington Post Service

TOKYO — When soldiers from the Japanese Self-Defense Forces arrived in Kobe last January to help in the aftermath of a horrifying earthquake, some people threw rocks at them. Even on a mission of mercy, the soldiers were jeered by fellow Japanese, who have harbored deep suspicions about their armed forces since Japan's disastrous military adventures in World War II.

But when tens of thousands of the troops left Kobe three months later, after rescuing people from burning buildings, cooking food, clearing rubble and using their ships to bring in water for public baths, they were applauded.

"That cheered our spirit," said Colonel Akira Nara, a military spokesman. "The percentage of people who support us is going up. This year has been remarkable for the Self-Defense Forces."

Some fundamental shifts in Japanese thinking await President Bill Clinton when he arrives here Friday for a five-day visit that will focus on the U.S.-Japanese security alliance.

As popular opinion of Japan's military shifts, the public is growing uneasy and even hostile about continuing to host the largest U.S. military presence in Asia. No one believes the security pact is in immediate danger, but its supporters say there is cause for worry.

Since Japan's bitter experience in World War II, resentment of the military has run so deep that even the words "army" and "navy" have been stricken in favor of "self-defense forces." Even in recent years, members of the military would remove their uniform when commuting on trains, to avoid public scorn.

But memories of the war are fading. A new generation without first-hand experience of war has grown up seeing Japanese soldiers involved in humanitarian efforts at home and abroad, recently, in peacekeeping missions.

During the years when Japan's troops were held in disdain, the U.S. military enjoyed remarkable popularity here. Even now, according to recent opinion polls, about 60 percent of Japanese people still support the security alliance. But an even higher percentage want that alliance changed. According to a poll by a major

television network this week, 77 percent support a "major reduction" in U.S. forces here.

More than 500,000 Okinawans — about half of the island's population — signed a call for changes in the security treaty. The petition was presented to Prime Minister Tomiichi Murayama last week. Mr. Murayama's Socialist Party wants to halve the number of American troops in Japan, currently 47,000, over the next 15 years.

While there is feverish discussion about what to do with American troops, there is little public discussion of what Japan would do if they went home. But many military analysts say the inevitable result would be that Japan would bolster its own forces and that could trigger a regional arms race.

"The fact is people don't want to talk about it because it is too controversial," said Gerald L. Curtis, of Columbia University's East Asian Institute. "They walk on eggshells around this topic because in that region of the world a lot of countries are worried about Japan rearming itself."

"We are at a crossroads," said Motoo Shiina, a member of the upper house of the Diet, or Parliament. "We have to become more assertive in assessing our environment in Asia and act accordingly. An impediment is still our constitution and it must be amended, or at least the very strict interpretation of it must be loosened."



WEST BANK CLASHES — Arabs throwing stones at Israeli troops Wednesday in Nablus on the anniversary of the Palestinian declaration of independence. Police detained a West Bank woman in Yitzhak Rabin's killing. Page 8.

Flawed Balkan Peace: Better Than War

By Roger Cohen
New York Times Service

DAYTON, Ohio — The Balkan conflict has always been a three-way puzzle. Put one piece in place and another would be dislodged. Through more than four years of diplomacy, the reconciliation of Serbs, Croats and Muslims has proved impossible.

But now that the last difference between Serbs and Croats has apparently been settled with an agreement on Eastern Slavonia, the landscape has changed. For if Serbs and Croats really want and have reached peace, the potential for the Muslim-led Bosnian government to fight on appears limited.

This is the grim equation faced by the Bosnian president, Alija Izetbegovic, on the 13th day of peace negotiations here. He knows that the successes of the Bosnian Army against the Serbs this year have come only with the decisive support of Croatia

satisfactory one, would bring economic benefits and Western military assistance. Beyond all the intractable difficulties over territory and governance that have stalled the talks in recent days, this somber realization suggests that an agreement may in the end be reached.

Nicholas Burns, the State Department spokesman, said Tuesday that "self-interest" should propel the parties toward a settlement. For the first time since the Yugoslav wars began in 1991, this may indeed be true.

Initially, President Slobodan Milosevic of Serbia was ruthlessly committed to de-

NEWS ANALYSIS

forces. Without the Croats, who now appear to have little reason to continue the fight, even the long-term military outlook for the Bosnian government may be dim. A strong incentive to settle has thus been engineered by the Clinton administration. More war now could be costly to the Bosnian government, while peace, even an un-

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Big Suspense in Algerian Vote Is How Many Will Go to the Polls

By Youssef M. Ibrahim
New York Times Service

PARIS — With helicopters hovering in the skies, car bombs exploding every other day and about 200,000 army troops patrolling cities and villages, the suspense in Algeria's election is how many people will brave Islamic fundamentalists' vows to "turn ballot boxes into coffins" and go to the polls Thursday to choose a new president.

It is a virtual certainty that Liamine Zerrouk, the retired general who holds the post now, will win a new five-year term; all the more so as two major political parties that represent fundamentalists and secularists are boycotting what they say is a farce directed by the military-dominated government to perpetuate itself.

But government officials and others who oppose the Muslim fundamentalists maintain that if the election can attract 60 percent

or more of the country's eligible voters, it would constitute an endorsement of the government's drive to exclude fundamentalism as a political force in Algeria.

"It is simply time for Algerians to say what kind of society they want," said Malik Ait-Aoudia, an official of the Assembly for Culture and Democracy, a deeply secularist political party whose candidate, Dr. Saeed Saadi, a psychiatrist, is a vehement opponent of the Islamic fundamentalists and a leading figure in the Berber cultural movement.

But the fundamentalists, whose main

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AGENDA

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As a budget showdown between the White House and Republicans in Congress developed an increasingly harsh tone, the Clinton administration took extraordinary steps to avert a default on the national debt. With both sides predicting a long standoff, the Treasury temporarily converted into cash \$61.3 billion held in securities in two government-run funds. (Page 3)

U.S. Blue-Chips Top 4,900 Points

The Dow Jones industrial average pushed above the 4,900 mark for the first time, closing up 50.94 points at a record 4,922.75. Consumer product issues led the market as investors bought into companies that were likely to post strong earnings despite a slowdown in the U.S. economy. (Page 14)



U.K. PROTEST — Brian Mawhinney, Tory chairman, splattered Wednesday over a bill to crack down on illegal immigrants. Page 5.

China Battles a Roaring Flood of Heroin

By Patrick E. Tyler
New York Times Service

PINGYUAN, China — The tourists who come to southwestern China to see some of the most dramatic landscapes in the world do not come to this bucolic town surrounded by lush, humpback mountains mirrored in a pristine lake.

This is China's war zone. Three years ago the Communist Party declared that Pingyuan was in the grip of "representatives of evil forces," a description used for drug traffickers. More than 2,000 troops of the People's Armed Police burst into the town to break the spell.

On the night of Aug. 31, 1992, the electricity was cut, and armored personnel carriers led the way with machine guns blazing. In one instance, troops used a flame-thrower to dislodge a corrupt police official from his hideout. It was impossible to confirm the number of casualties. Some said the assault was bloodless; other reports said 24 people died.

"It all happened so suddenly it was like a nightmare," said Ma Hongying, an accused drug trafficker whose husband, the vice mayor, was arrested and later executed.

The troops remain in a broad swath of territory that borders Laos, Vietnam and

Burma. It has become an armed camp against a scourge that no one foresaw a decade ago when China opened its borders and began decentralizing the power of the totalitarian state that, during Mao's rule, had eradicated the country's long-standing opium habit.

But the worldwide drug epidemic has turned the mountains and rain forests along the Tropic of Cancer in Asia into a region of rampant drug trafficking, gun running, crime, prostitution and the spread of the AIDS virus.

Over the past several years, more heroin

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Smell (but Don't Taste) the Art

By Carol Lawson
New York Times Service

NEW YORK — Say good-bye to crayons that smelled good enough to eat. Children loved Crayola's food-scented crayons, but some parents did not. The parents won.

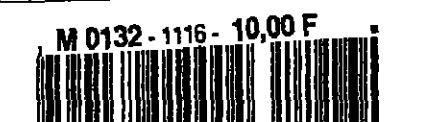
The crayons, which have been on sale since July 1994, had scents like coconut, licorice, chocolate, cherry and blueberry. Some parents complained that children might be tempted to eat the crayons.

"That was a perception, not the reality," said Sandy Horner, a spokeswoman for Binney & Smith, the manufacturer of Crayola crayons. "We have had fewer than 10 reports of kids eating the crayons, and there have been no injuries."

Crayola's Magic Scent crayons now have smells that might even suppress the appetite. White crayons have gone from coconut to baby powder, black from licorice to a smell like a leather jacket, and peach from an apricot scent to a smell like lumber.

Dow Jones	Trib Index
Up 50.94	Up 0.49%
4922.75	124.89
The Dollar	Wed. close
DM	1.4079
Pound	1.5805
Yen	101.52
FF	4.8555

Newsstand Prices	
Andorra.....10.00 FF	Luxembourg.....65 L. Fr
Antilles.....12.50 FF	Morocco.....14 Dh
Cameroun 1 600 CFA	Oman.....1,000 Rials
Egypt.....EE 5	Réunion.....12.50 FF
France.....10.00 FF	Saudi Arabia.....10.00 R.
Gabon.....1,100 CFA	Senegal.....1,100 CFA
Greece.....350 Dr.	Spain.....225 PTAS
Italy.....2,800 Lire	Tunisia.....1,250 Dr.
Ivory Coast 1,250 CFA	Turkey.....T.L. 60,000
Jordan.....1,250 JD	U.A.E.....10.00 Dirh
Lebanon.....1,800 L.L.	U.S. M. (Eur.).....\$1.20



The Personal Touch / Western Multinationals Lack It

When Family Empires Shape Asian Expansion

By Edward A. Gargan
New York Times Service

SONGJIANG, China — Under their adobe tile roofs, the barracks seem to stretch to the horizon in this bleak suburb of Shanghai. Inside, hundreds of thousands of chickens shuffle about noisily, and aromatically, pecking at feeding machines, plumping themselves for the city's works.

A few hours to the north, black motorcycle frames move along an assembly line. The motorcycles bounce off the line, their gleaming red tanks emblazoned with the word "Xingfu," or "Happiness."

These two wildly different enterprises are fragments of one of Asia's largest and most successful business empires, the Charoen Pokphand Group, based in Bangkok. From chickens to shrimp, petrochemicals to motorcycles, telecommunications to retail marketing, the CP Group, as it is known, embraces a cornucopia of industries. Its investments swaddle the globe, but its most dominant presence, by far, is in Asia. The group, barely known in the United States or Europe, is probably the largest foreign investor in China.

It is just such family conglomerates, not American or European multinationals, that are shaping Asia. They feed its people, build roads and houses, put up phone lines and power stations, open stores and malls; in short, weave the very fabric of Asia's phenomenal economic expansion.

Family empires from Hong Kong, Malaysia, Singapore, Thailand, Taiwan and the Philippines, many of them run by overseas Chinese, have moved aggressively and steadily throughout Asia, establishing themselves as the core of the region's economic growth.

CP's approach has been deceptively simple. In China it began with the basic idea of a chicken in every wok and, from there, branched out in every imaginable direction.

"In 1979," said Sumet Jiaravanon, the group's president, "we saw that China was very poor. But we knew, we overseas Chinese knew, that China would be very important one day."

"We knew the Chinese ate only one quarter of a kilo of meat per year," continued Mr. Sumet, who, along with his brother, Dhanin Charavanont, oversees the group. "The market potential was enormous."

Mr. Dhanin put it more succinctly. "CP is always looking for opportunity," he said. "We saw opportunity in Taiwan. When Suharto came to power we went to Indonesia. We always see opportunity first."

One secret of CP's ability to gain access to these markets is that it builds personal ties, said Thirayut Phitya-Isarakul, a CP director and head of the company's agribusiness group. "Our business has to be seen as important by the local government," he added. "We are bringing in technical know-how, management skills and low costs. So they never think we are trying to cheat them."

Across China, CP has absorbed crippled local enterprises and involved local officials. From its first venture in southern China in 1979, CP's agribusiness group has grown to 80 companies throughout China, including feed mills, breeder farms, broiler chicken farms, processing factories, even chicken fast-food shops. Of 3 billion chickens eaten in China last year, CP's companies produced 300 million. And this does not include CP's other investments, which elevate its outlay in China toward the \$1 billion mark.

The group's beginnings were far more modest.

In the 1920s, a young man named Chia Ek Chor left Shantou in southern China and moved to Bangkok. He took with him seeds from his family's farms, for the cabbages, parsnips, radishes, turnips and cauliflower so loved by Chinese, but so scarce throughout Southeast Asia. Bangkok's Chinese community welcomed him and his seeds, which he began to sell, and the brother he left behind became his supplier.

It remained a modest family concern until 1953, when Mr. Chia's eldest son, Jaran Charavanont, set up a feed mill for chickens and registered the expanding businesses under the name Charoen Pokphand.

Next came chickens — raising and processing them for a population starting to shake off poverty. The first international link came in 1970 with Arbor Acres, a leading chicken breeder based in Connecticut. Exports followed, then feed mills and chicken breeding in Indonesia, Singapore, Malaysia, Taiwan and China. Then it was real estate, petrochemicals, trading and retail stores and shrimp farming. In recent years, CP has expanded into telecommunications and motorcycles.

In the last three years, the group's annual revenue from its roughly 250 companies has doubled, to \$6.5 billion. More than 65,000 people draw CP paychecks in 20 countries. Fourteen companies are publicly traded, six in Bangkok, one each in Taipei and Shanghai, two in Jakarta and three in Hong Kong. And shares of Ek Chor China Motorcycle trade on the New York Stock Exchange, where they closed Monday at \$11.625.

The Telecom Asia Corp., a joint venture with the Nynex Corp., has a market capitalization that is now about \$6.6 billion but at times has approached \$10 billion, greater than that of Nynex. And the families of Mr. Dhanin and Mr. Sumet — grandsons of the founder — are the wealthiest in Thailand, and among the wealthiest in the world. Forbes magazine puts their combined net worth at about \$5.5 billion.

CP's success and its spectacular growth have depended on people like Chingchai Lohawatanakul, president of CP's Aquaculture group. "I joined CP in 1964 as a clerk," said Mr. Chingchai. And later, "I became a technician in the feed mills."

In Asia in the 1980s, CP saw a rapidly rising consumption of shrimp, in addition to chickens. Mr. Chingchai was put in charge of aquaculture, spending three years building an operation that started in Taiwan, then the world's largest shrimp producer. But that business later collapsed in Taiwan and China, because of disease-ravaged farms. After that, "I thought

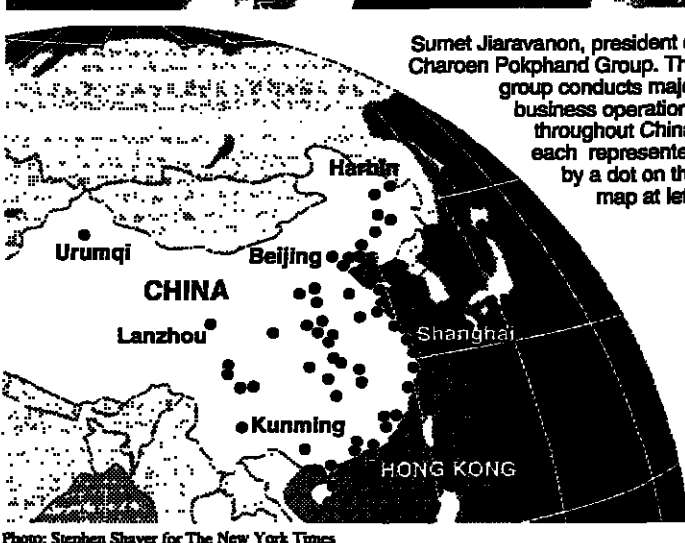
that the shrimp business was very, very risky," he said. "I was afraid for my job."

But last year, Mr. Chingchai found a place to raise shrimp, 60,000 acres (24,300 hectares) in southern Sumatra, one of the Indonesian islands, and he is hiring 15,000 farmers and building towns and villages for them. When he is done, he intends to be Asia's biggest shrimp producer. It may take years, but as Mr. Sumet said, "Our goals are long term."

China was seen as a very long-term prospect.

When Mr. Sumet went to Shenzhen in 1979 to look at the site of CP's first exploratory investment, he was stunned. "There was nothing," he recalled. "There were fishermen and a few fields. Nothing else. But I had some confidence in the Chinese government to change, one step at a time."

"If you want successful economic development and a successful business, you need technology, capital and the market," he said. "In Thailand, we organized farm families into



Sumet Jiaravanon, president of Charoen Pokphand Group. The group conducts major business operations throughout China, each represented by a dot on the map at left.

groups, we brought in technology, we guaranteed loans to farmers, we provided breeders and purchased the chickens they raised. We processed the chickens and sold them. It was completely integrated."

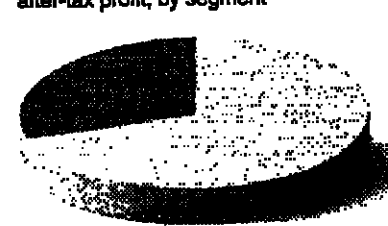
"We brought this model to China," he said. From his offices near Hong Kong's harbor, his walls filled with ceremonial pictures of himself with China's leaders, including Deng Xiaoping, the paramount leader, he said he expected China to become CP's largest market.

Mr. Sumet attributes CP's fairly easy growth in China to the inflexibility of non-Asian companies. "American and European companies have adapted themselves to a very sophisticated legal-based society," he said. "In China there is no law. There is no system. It is a government by individuals, by people."

Mr. Thirayut, the CP director, said Amer-

Varied Businesses

1994 Charoen Pokphand Group after-tax profit, by segment



Agribusiness operations
Includes feed production and distribution, animal breeding, seed and fertilizer production, meat processing, shrimp farming
\$51.0 million

Industrial operations
Includes production of petrochemicals, leather goods, toys, telecommunications equipment, motorcycles, engines and beer
\$21.5 million

Investment properties/
Investment holdings
\$272,000

There were losses of \$727,000 in trading and \$1.7 million in retailing and distribution.

Varied Countries

1994 Charoen Pokphand Group after-tax profit, by location



China \$50.4 million
Thailand \$13.7 million
Indonesia \$ 6.1 million
Turkey \$ 2.4 million

There was a loss of \$2.2 million in Hong Kong.

Source: Charoen Pokphand Group

Link-Up In Space:
It's 'Letter-Perfect'
Atlantis Docks With MirBy Warren E. Leary
New York Times Service

HOUSTON — The shuttle Atlantis, after a three-day orbital chase of the space station Mir, caught and docked with the Russian spacecraft Mir on Wednesday in a linkup that serves as a prelude to building large structures in orbit.

Atlantis and its crew of five, moving in a lower orbit but at a slightly higher speed than Mir since beginning the journey on Sunday, reached the Russian station late Tuesday night. Then, in a slow ballet above Earth, astronauts maneuvered a new docking module to join the two craft for a planned three-day visit.

The Atlantis-Mir docking, a repeat of the first mating of the two, 100-ton spacecraft four months ago, brought together astronauts from four countries to practice large-scale construction in space — skills needed for the international space station their nations plan to build by the turn of the century.

The convergence of the spacecraft came after a 4.5-ton, Russian-made docking module was erected in the cargo bay of Atlantis early Tuesday. Major Chris A. Hadfield of the Canadian Air Force, working inside Atlantis, used a 15-meter-long robot arm in the cargo bay to grab and maneuver the orange-colored module until it rested atop a smaller docking tunnel used on the previous flight.

Major Hadfield deftly lifted the five-meter-long module from the rear of the bay and positioned it vertically above a capture ring extending from the shorter docking structure in the shuttle. While the two units were just centimeters apart, the shuttle commander, Colonel Kenneth D. Cameron of the Marine Corps, fired several jets to raise the Atlantis. This drove the spacecraft upward, slamming the two docking components together.

"It was letter-perfect," Major Hadfield said Tuesday in a television interview from space. Noting that a similar maneuver would be used to dock the extended tunnel to the Russian station, he said, "It's pretty much a ballet of concentrated effort that we'll be doing."

William D. Reeves, the lead flight director at Mission Control here, said at a news conference that officials of the National Aeronautics and Space Administration were pleased with the successful maneuver and Atlantis's flawless performance so far during the mission.

Mr. Reeves said one of the first shuttle flights dedicated to constructing the international space station would attach an American section to a Russian one in much the same manner as joining the docking modules. "This is a great practice session and simulation" for that mission, he said.

NASA and the Russian space agency hope the docking module will make it easier for future shuttles visiting the space station to link up with it. The module, which is to be left attached to Mir when Atlantis departs, will give visiting craft more room and decrease the likelihood of a collision with a Mir component.

About two hours after the docking, the shuttle crew planned to greet the three astronauts aboard Mir and exchange small gifts. Atlantis also is carrying drinking water, air, food and new equipment, as well as mail and other personal items for the Mir crew, which consists of two Russians and a German representing the European Space Agency. They have been aboard since September.

Atlantis is to undock from Mir on Saturday and land at the Kennedy Space Center in Florida on Monday. The mission is NASA's seventh and last shuttle flight of the year.

TRAVEL UPDATE

Belgium Girds for a Slew of Strikes

BRUSSELS (AP) — Belgium entered a month of labor action Wednesday as railroad unions threatened a week of intermittent strikes and public sector unions vowed stoppages to protest proposed layoffs and social-security cuts.

The railroad unions opened their protests with a 24-hour strike that is expected to create havoc with traffic through Thursday. A similar strike is planned for Nov. 23 and 24 to protest a restructuring plan being prepared by the state rail company.

The Christian Democrat and Socialist unions, angered by reforms of the social security system, plan a warning strike for Dec. 13.

Israel's El Al Denies It Cut Security

JERUSALEM (Reuters) — Israel's airline El Al on Wednesday denied a report that it had cut security on some flights. "All El Al flights are guarded," the airline's director-general said. "There are guards on all the flights."

The company declined to make any further comment on its security policy and would not confirm that the guards were armed, as was reported in the newspaper Davar Rishon. The newspaper said that as an economy measure El Al had stopped using guards on flights to and from North America.

'Environmental' Parks Announced

BRUSSELS (Reuters) — Parks in Britain and France, a region in Austria and an Irish town are nominees to win the European Prize for Tourism and the Environment, the European Commission said Wednesday.

The Cevennes National Park in France, the medieval Irish town of Kinsale, the region of Weissensee in Austria and the Peak District National Park in Britain are finalists, it said.

A government shutdown will shutter most of Washington's historical sites and cultural centers, from the National Gallery to the Smithsonian, to White House tours, to the National Zoo. Most of its cultural outlets have an assortment of financial ties to the government, and it can be tricky sorting out the government-funded activities (closed) from the privately funded ones (open). The Smithsonian museums will be closed, for example, but programs of the Smithsonian Associates will be held as scheduled.

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THE AMERICAS

Treasury Moves to Avert Default as Tone Turns Nasty



Mr. Rubin, left, with Leon Panetta, White House chief of staff, discussing the deadlock.

By Brian Knowlton
International Herald Tribune

WASHINGTON — A partial shutdown of the federal government stiffened Wednesday, and with the clash between the White House and Republican leaders in Congress taking on an ever more personal tone, both sides prepared for a prolonged standoff.

Meanwhile, the Clinton administration took extraordinary steps, as it said it would do, to avert a default on the national debt.

In announcing the measures Wednesday to cover U.S. debt, Treasury Secretary Robert E. Rubin said that doing so was "immeasurably preferable to default." He temporarily converted into cash \$61.3 billion held in securities in two government-run funds. The action let the government meet payments that were due.

Economists said that, in effect, the government had put IOUs into the two funds in place of the securities. The money temporarily drained from the funds will not be spent.

Private economists said the measures demonstrate that Mr. Rubin could keep the government afloat indefinitely, stripping Republicans of a weapon in the budget battle.

As for the political confrontation, the White House

spokesman, Michael McCurry, said the two sides faced "irreconcilable differences." He suggested for the first time that Mr. Clinton's trip to Japan, for the Asia-Pacific Economic Cooperation forum, might have to be canceled.

"To lose that trip because the Congress can't get its work done on time would be appalling," Mr. McCurry said.

The House speaker, Newt Gingrich, said that he was preparing temporary spending bills to reopen some government agencies piecemeal and added that the standoff "could easily last 90 days."

Democrats dismissed the piecemeal approach as a gimmick.

Mr. Gingrich showed no readiness for compromise. He complained angrily that he had received shabby treatment on the plane taking Mr. Clinton and American political leaders to Israel on Nov. 5 for the funeral of Prime Minister Yitzhak Rabin.

Mr. Gingrich said he wanted to discuss the budget during the trip but was rebuffed, and he was forced to leave the plane from the rear when it landed.

And reports emerged of a heated exchange Monday in the Oval Office between Richard K. Armitage of Texas, the House majority leader, who accused Mr. Clinton of rude finger-wagging, and the president, who

said Mr. Armitage had unfairly criticized Hillary Rodham Clinton, the president's wife.

Meanwhile, 800,000 government employees — mainly those considered not essential to protecting the public's health and safety — remained off work. The Office of Management and Budget estimated that the shutdown was costing the government \$100 million to \$150 million a day.

The adversaries scheduled no new negotiating sessions, but both sides were actively courting public opinion.

Labor Secretary Robert B. Reich repeated the president's assertion that he "will not back down." And Representative John Kasich of Ohio, chairman of the House Budget Committee, said that the Republicans had "come too far" to give up on what they now say is their bottom-line goal: balancing the budget by 2002.

The clash was touched off by two short-term measures involving government spending and borrowing authority. The larger issue in the background is a Republican budget plan, now nearing completion, that would reshape the welfare system and other social programs.

Mr. Clinton has said he wants a balanced budget, but agreement on timing — and the figures used to determine how deep cuts will have to be — remains elusive.

POLITICAL NOTES

Pentagon: A '3' for Accounting

WASHINGTON — Despite efforts to turn around what the Pentagon concedes is an error-prone, cross-eyed financial accounting system, top Defense Department officials said that, on a scale of 1 to 10, the ability to track where \$260 billion is spent each year rates only a sorry "3."

"We are far short" of being able to produce clean, auditable annual financial statements, Richard F. Keevey, director of the Defense Finance and Accounting Service told a congressional panel Tuesday.

Summoned by a subcommittee of the House Committee on Government Reform and Oversight — called in part to respond to Washington Post articles about the problem in May — the department's top financial officers and investigators from the General Accounting Office and the inspector general's office explained, defended and criticized the way the department manages the money Congress gives it.

The subcommittee chairman, Representative Stephen Horn, Republican of California, described the state of Pentagon bookkeeping as something not even up to the standards of "every Mom and Pop store in America."

What was upsetting to the representatives was good news to the Pentagon officials who point out that their accounting problems are decades-old and are only now getting better. For instance:

• The accumulated amount of payments that cannot be traced with certain to particular purchases has fallen to \$20.5 billion in September from \$50 billion in June 1993.

• The department now refuses to pay any bill larger than \$1 million without the proper bookkeeping. The threshold used to be \$5 million, although the higher figure still applies to its major, trouble-plagued Columbus, Ohio, check-writing center because contractors there complained that a new standard would drastically slow down payments. (WP)

Bishops Reject Cuts for Poor

WASHINGTON — The National Conference of Catholic Bishops urged Congress and the president to reject the limits on welfare and the cuts in the earned income tax credit that emerged this week from the congressional reconciliation process.

The bishops also affirmed the major themes in the pastoral letter on economic justice passed 10 years ago, and they elected as president and vice president of their conference two bishops known for their commitments to fighting social and economic inequities.

The bishops' belief that poor people, children, immigrants and the unborn are threatened by the changes arising from Capitol Hill has injected a strong note of urgency and unanimity into a semiannual meeting of the nation's Roman Catholic bishops that otherwise promised to be a monotonous series of administrative tasks.

"If the Congress does not reject this fatally flawed legislation, we urge the president to veto it," the bishops said in a letter to all senators and representatives. "While the label is reform, the reality is cutting resources and shifting responsibilities." (NYT)

Quote / Unquote

Cindy Butler, a telephone operator for the passport office, reacting to the government shutdown: "I'm going shopping. I can use a few days off."

Rich Brunner, who works for the General Services Administration, was not worried about the shutdown either. It has happened four times since 1981. He said: "I know we're going to get paid. It's all for show." (NYT)

Future of Welfare, and Perhaps of Politicians, at Stake

By R.W. Apple Jr.
New York Times Service

WASHINGTON — In 1992, tired of business as usual, the electorate ousted George Bush and replaced him with Bill Clinton in the White House. In 1994, even more tired of business as usual, the electorate ousted the Democrats and replaced them with Republicans in Congress.

Now, with those Republicans pressing for a seven-year plan to balance the budget, a plan that would require a basic reshaping of the nation's social welfare system, and Mr. Clinton defending the existing safety net, Washington is deadlocked. A goodly portion of the federal government closed down Tuesday, with limited prospects that it will open again this week.

Does anyone care? Or are Americans so disgusted with politics, so eager to hit the mute button, that they hear nothing but the endless wrangling?

On the answers to those questions may turn not only policy questions like the future of welfare and Medicare but also, not

incidentally, the fate of many of this city's big-time politicians, including Mr. Clinton; Senator Bob Dole, the front-runner for the 1996 Republican presidential nomination; and the House speaker, Newt Gingrich, who is thinking of entering the presidential race.

Mr. Clinton sounded confident as he took to television to explain his decision to veto the

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bills that would have kept the government going — at a price. The price was far too great, he insisted, aiming for the high ground and deploring "deep and unwise cuts" in programs that Democratic and other polls show commanding widespread popular support: Medicare, Medicaid, aid to education and technology and protection of the environment.

The Republicans — and particularly Mr. Dole, who will be judged in the coming primaries partly on what he is able to produce as majority leader — are struggling to shift the focus.

They want to talk not about cuts in programs but about cuts in taxes, which they have promised to almost everyone, and about the blessings of a balanced budget in 2002. But it is much easier for one president to be heard, as Senator Pete V. Domenici, Republican of New Mexico, acknowledged, than for the Hydra-headed congressional leadership.

Mr. Gingrich, ever combative, tries anyway. He called Mr. Clinton's speech "baloney" and said the president was incapable of moving decisively to balance the budget.

So far, the most recent polls suggest, Mr. Clinton has the better of the battle. A new Times Mirror survey, for example, shows that the congressional leadership is falling in public esteem while the president is rising.

In an ABC News Washington Post survey of 1,005 adults conducted Friday through Monday, 46 percent of Americans blamed Republicans for the shutdown while just 27 percent blamed President Clinton. A fifth of

those polled blamed both sides equally. Asked if either side in the stalemate was honestly trying to resolve budget issues or just "playing politics," 65 percent of respondents said the Republicans were playing politics, and 52 percent said Clinton was doing the same. The survey, based on telephone interviews, had a margin of error of plus or minus 3.5 percent.

Perhaps most significant, fears about health care costs are rising: two-thirds of Americans say they are worried now, compared with half 18 months ago. Democratic oratory about the threat to the government-funded Medicare and Medicaid health insurance programs seems to be having a significant effect.

Mr. Gingrich, who can afford to be more patient than Mr. Dole, said last weekend that voters would eventually change their minds and come to see that the Republicans were fighting for the things that would most benefit them. But it is also possible that incumbents will be punished for the spectacle of petty partisan jostling for ad-

vantage, however important the underlying issues. Neither party has behaved with excessive dignity. Mr. Gingrich picturing Mr. Clinton as a four-flusher whose word is worthless, and Leon E. Panetta, the White House chief of staff, comparing the Republicans to gun-wielding terrorists.

"This is no way to run a government," said Treasury Secretary Robert E. Rubin, and then he returned to verbal combat. "The finger-pointing is out of control," said Senator Trent Lott, Republican of Mississippi, just before resuming his finger-pointing.

The shutdown of the government, even if it lasts four or five days, can be managed. It

has happened fairly often, most recently five years ago. But public disgust with government would certainly intensify sharply if, through miscalculation, the United States defaulted on its financial obligations.

Even talk about such a possibility has its costs. IBCA Ltd. of London, the leading European credit-rating agency, this week placed the United States on rating-watch for possible downgrading from its current AAA status. The game of bluff in Washington, IBCA said, has become much more serious, fueled by a "lack of pragmatism and an apparent willingness to ignore the broader national interests, which should unite both Congress and the White House."

Away From Politics

• Three men were convicted of federal hate crimes in Lubbock, Texas, for shooting three black men, one fatally, during what prosecutors said was a hunting trip to try to start a race war. Jurors took two and a half hours to convict Ricky Rivera Mungia, 25, Eli Trevino Mungia, 21, and Roy Ray Martin, 20. They face life in prison without parole. (AP)

• A man was executed by injection in Missouri for beating his grandmother when she refused to give him money and leaving her to die in her burning home in 1985. Robert Sidebottom, 33, had been on death row since 1987 and was executed at the prison in Potosi after the Supreme Court rejected last-minute requests for a stay. (AP)

• The first edition of The Detroit Sunday Journal, a weekly published by striking employees of The Detroit News and Detroit Free Press, will hit the streets this weekend, union officials said. (AP)

• The head of the NAACP chapter in Bergen County, New Jersey, was threatened with suspension for questioning the group's emphasis on racial integration as the chief means of improving public schools. (NYT)

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EUROPE

Major Tries Comeback Through Legislation

Reuters

LONDON — Prime Minister John Major launched a fresh attempt Wednesday to claw back support for his Conservative government by opening a new session of Parliament with a series of rightist, populist bills.

Mr. Major's legislative program, read out by Queen Elizabeth II in a glittering, age-old ceremony in the House of Lords, included a crackdown on illegal immigrants, new steps to fight crime and a pledge to expand nursery education.

Ministers said they had prepared the 16 bills specifically to put the opposition Labor Party on the defensive in what is the last full parliamentary session before general elections, which must be held by May 1997.

Labor now leads Mr. Major's Conservative Party by more



Mr. Major and the Labor leader, Tony Blair, walking to the House of Lords on Wednesday.

than 25 percentage points in opinion polls. But Mr. Major hopes to narrow the gap by forcing Labor to oppose measures such as strengthening immigration and asylum rules and weakening defendants' rights in criminal trials.

Soon after the speech, the Conservative Party chairman, Brian Mawhinney, was splattered with paint by two or three demonstrators opposed to the proposed immigration crackdown.

He said in an interview with

BBC radio: "If that is the way some of the radical groups in this country are going to behave, we are almost certainly legislating something which the majority of people will approve of and they will consider to be important."

The deputy Labor leader, John Prescott, said that the 16 bills were insubstantial and showed that the government, in office since 1979, was desperate to try to cling to power.

Referring to the Conservatives, Mr. Prescott said, "What

we've got is a Queen's Speech which is maximizing what they think are the divisions between the political parties to their advantage."

Many of the new measures presented Wednesday consolidate or revise existing legislation rather than break new ground.

"This is a program of fag-end measures from a fag-end government bereft of ideas and starved of effective leadership," said Paddy Ashdown, the leader of the centrist Liberal Democrats.

Internal Rifts Put EU in Disarray
Leaders Urge Bold Reforms for Bloc's CohesionBy Tom Buerkle
International Herald Tribune

BRUSSELS — European Union countries appear increasingly uncertain about how to shape their bloc for the 21st century, leading many senior officials to wonder whether an EU reform conference next year will be limited to only minimal changes.

The internal divisions have left many officials hoping for leadership from France and Germany. The two countries have promised to present a joint position on EU reform next month and appear in growing harmony on some issues, including a new czar to steer the Union's foreign policy cooperation, but recent tensions over a single European currency have cast doubt on their ability to achieve a significant agreement, officials said.

Europe's disarray was evident Wednesday in Strasbourg, where the European Parliament held its first State of the Union debate.

Felipe González, the Spanish prime minister, cautioned members against wallowing in Euro-pessimism, and said the Union should consider bold reforms to maintain its cohesion as it takes in new members

from Eastern Europe.

But rather than presenting any concrete proposals, Mr. González criticized a German plan for tighter budget constraints on countries joining a single currency. And he fretted about a supercharged agenda when he plays host to the semiannual summit meeting of EU leaders in Madrid on Dec. 15 and 16.

With decisions needed on everything from a name for the single currency to preparations for the 1996 conference and enlargement to the East, the leaders will have barely an hour to discuss a new jobs strategy, the meeting's supposed centerpiece, he said.

Jacques Santer, the president of the European Commission, also told Parliament that the 1996 reforms must be far-reaching or else the Union will be paralyzed as it grows to as many as 27 members from today's 15.

But the agency's main interest appears to be protecting its own turf. The commission will hold an extraordinary meeting Sunday to consider whether to campaign openly against the foreign-policy czar, which would compete with its own responsibilities, by publishing its own reform proposals, officials said.

The Union's internal tensions also were

evident at a meeting here Tuesday of the Reflection Group, a panel of national representatives charged with presenting reform recommendations to EU leaders at the Madrid summit meeting.

A draft 44-page report drawn up by Carlos Westendorp, the Spanish minister for European affairs who presides over the group, underscored a lack of consensus on issues ranging from defense to majority voting on foreign policy and justice affairs. It recommended a short conference that would avoid potential reforms of EU farm and development funds, which will be required before enlargement.

Moreover, a separate political paper by Mr. Westendorp designed to underline the strategic challenges facing the Union was criticized by several group members as being too timid in an effort to obtain unanimous backing.

Werner Hoyer, Germany's secretary of state for European affairs, said the group needed to be ambitious because any proposals would inevitably be watered down when real negotiations begin next spring.

Paris and Bonn remain divided on the use of majority voting in foreign affairs and a stronger role for the European Parliament, officials conceded.

BRIEFLY EUROPE

New NATO Candidate in Wings?

BRUSSELS — Denmark fought Wednesday to keep alive the bid of its former foreign minister, Uffe Ellemann-Jensen, to head NATO, as press reports raised the possibility of a compromise candidacy by Foreign Minister Javier Solana of Spain.

Diplomats said that the Danes were lobbying France to drop its veto on Mr. Ellemann-Jensen ahead of a meeting of alliance ambassadors on Thursday. They said Mr. Solana's name might be floated at the meeting. (Reuters)

EU Parliament Warms to Turkey

STRASBOURG — The European Parliament voted, 353 to 47, on Wednesday to revive cooperation with the Turkish National Assembly.

The vote restored a joint panel of European and Turkish lawmakers, that was suspended in September 1994 to protest alleged human rights abuses in Turkey. It suggested a crucial softening of the Parliament's attitude ahead of a Dec. 14 vote on an EU-Turkish customs union. (AP)

Claim on Killing of Egypt Envoy

CAIRO — A message faxed to a news agency here claimed responsibility for the slaying of an Egyptian diplomat in Geneva and warned that others faced death for "involvement in pursuing Muslim clerics and sons of the Islamist movement."

The diplomat, Ahmed Alaa Nazi, was shot and killed Monday. "More sentences have been passed on others," said the message, signed International Justice Group. (Reuters)

Police Seize Shevardnadze Rival

TBILISI, Georgia — Police have arrested a leading political opponent of President Georgia A. Shevardnadze, the prosecutor's office said Wednesday.

The charges against Jaba Ioseliani, a former paramilitary leader, were not clear, but the warrant was issued on Aug. 30, the day after an assassination attempt against Mr. Shevardnadze. (Reuters)

Walesa Leads in Latest Polls

WARSAW — The latest two polls showed President Lech Walesa leading Alexander Kwasniewski ahead of presidential elections on Sunday.

A poll released Wednesday by the private Demoskop institute said that Mr. Walesa was supported by 53 percent of voters, compared with 47 percent for Mr. Kwasniewski.

The CBOS institute showed Mr. Kwasniewski trailing Mr. Walesa by 46 to 43 percent, with 10 percent undecided.

But a public television poll released Tuesday showed Mr. Kwasniewski, a former Communist government minister, leading, 51.5 percent to 48.5 percent. (Reuters)

Calendar

European Union events scheduled for Thursday:
STRASBOURG: The European Parliament continues its plenary session, with deputies examining reports on air traffic.

BRUSSELS: The Regional Committee receives the president of the Reflection Group for the revision of the Maastricht treaty, Carlos Westendorp.

MADRID: The European Confederation of Syndicates and the European Syndical Union organize a conference on "The future of the European Union."

EDINBURGH: Monika Wulf-Mathies, the commissioner dealing with regional funds, meets with Britain's secretary of state for Scotland, Michael Forsyth, and attends annual conference of the East of Scotland European Consortium.

MADRID: Christos Papoutsis, commissioner for small and medium-sized companies, opens a forum on "support services for enterprise creation and assistance to young enterprises."

Sources: Agence Europe, AFP

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PHILIPS

INTERNATIONAL

German Party's Short-Lived Unity

Rival to Scharping Calls for Ban on Jets in Bosnia

Reuters
MANNHEIM, Germany — Germany's Social Democrats challenged their party leader, Rudolf Scharping, with a surprise foreign policy motion Wednesday, just one day after he appealed for loyalty.

Mr. Scharping's speech Tuesday, opening one of the most critical conferences in party history, appeared to have ensured his unopposed re-election as party leader Thursday, though it convinced few that he could galvanize an ailing party that has been out of power 13

years. But a day later, a party commission proposed an amendment opposing the use of German fighter-bombers over Bosnia as part of an international peacekeeping mission.

The amendment would have mainly a symbolic importance, since the Social Democrats cannot outvote Chancellor Helmut Kohl's government on the issue in Parliament. But Mr. Scharping opposes it, saying that he does not want Social Democratic members of Parliament limited by pacifists in his center-left party.

This did not stop the commission, headed by Oskar Lafontaine, one of Mr. Scharping's main rivals, from unexpectedly putting forward a motion for a vote on Thursday.

Because it had started two world wars, Mr. Lafontaine said, Germany must be a "power for peace." The speech got wide applause at the convention.

The move was a blow to Mr. Scharping, who had earned supportive rather than euphoric applause for his keynote speech at the session.

After the speech, delegates

said that Mr. Scharping had not stirred a new spirit in the party, although they were not about to dump him.

"A new departure?" the newspaper Frankfurter Rundschau asked. "The jolt the party needed? A new way forward? Not a bit of it. Only the appeals to show solidarity were in plentiful supply."

The Social Democratic rank-and-file would like Mr. Scharping to lift the party out of postwar opinion poll lows of around 28 percent and give them some hope of ending Mr. Kohl's 13-year conservative rule.

They would also like him to silence dissenters in a party divided by internal bickering and set out bold new policies to win over wavering voters.



BLAST IN GERMANY — Fire fighters standing in front of a heavily damaged house in Bonn on Wednesday after a gas explosion tore apart the six-apartment building. The blast injured three people, one of them seriously.

Kohl's 'Kowtow' Under Fire

Visit to Chinese Troops Criticized at Home

Reuters
BONN — Chancellor Helmut Kohl of Germany came in for severe criticism at home Wednesday for allegedly doing too much to please his hosts during a state visit to China this week.

Mr. Kohl said in Beijing on Tuesday that his decision to inspect a division of the People's Liberation Army had been intended to help China open to the rest of the world and to promote world peace.

Officials said Mr. Kohl had asked not to be shown overt military exercises by the army, whose bloody suppression of

student demonstrators in Tiananmen Square in June 1989 prompted many countries, including Germany, to freeze military relations with China.

The daily Süddeutsche Zeitung newspaper attacked the visit in an editorial headlined: "One kowtow too many?"

"How far should one go to flatter Beijing's rulers in order to gain a political and economic competitive advantage?" the editorial asked.

"Did Kohl really have to be the first Western statesman after Tiananmen Square to visit an elite Chinese army unit?" Another daily, Die Welt, said

Mr. Kohl had given the "wrong signal" to the Chinese authorities.

That view was echoed by a commentator on German ARD television who said: "The army regards the visit as a rehabilitation."

Die Welt dismissed the government's argument that this unit, the 196th Infantry Division of the Tianjin Garrison, had not taken part in the clampdown on pro-democracy rallies in 1989.

"Ultimately it was the armed forces of the Communist country as a whole that were set upon the people," the paper said.

■ **Single-Currency Plea**
The Social Democrats were also urged Wednesday to back a single European currency, Agence-France Presse reported from Mannheim.

Pauline Green, the leader of the European Parliament's Socialist Group, said German conservatives had "unleashed an avalanche of anti-Europeanism based on crude nationalism" with their questions about the currency and urged the Social Democrats not to repeat that mistake.

Mr. Scharping fueled speculation about the party's stance on a European currency last month when he appeared dismissive of the plan for a monetary union.

Violent Piracy Worsens, Shipowners Say

The Associated Press

KUALA LUMPUR — Piracy on the high seas worsened in both frequency and violence in this year's first nine months, experts said Tuesday.

"There is an unmistakable increase in the number of vessels reporting attacks," said a report compiled by the International Maritime Bureau. "There is a most disturbing trend in the ferocity of attacks."

"Most worrying is the increase in the number of vessels fired upon and vessels hijacked."

In the first nine months of the year, 10 ships were fired upon, compared to none from January to September last year.

Twelve ships were hijacked in the 1995 period, while in 1994 five were hijacked.

One hundred cases of piracy were reported through Sept. 30 this year, compared with 66 a year earlier, 91 in 1993, 88 in 1992 and 68 in 1991, said the report by the bureau's Regional Piracy Center here.

Indonesia is the main area of concern, with 25 piracy cases in the first nine months of this year compared with 12 a year earlier, the report said.

In the "vast majority" of the attacks in Indonesia, the report said, "the vessels had been boarded in port and had equipment and possessions stolen." The organization was formed by concerned ship owners.

Although the highest number of cases was in Indonesia, the sharpest rise in piracy was in the Somalia-Djibouti area. In the first nine months of 1994, only one case was reported, while there were 13 this year.

"What is worrying is the fact that in seven of these attacks, the victim vessel was first fired upon, usually with machine guns and on occasion by mortar attack," the report said.

Meanwhile, Malaysian police reported an attack last weekend in which five pirates armed with automatic rifles robbed the nine-member crew of the Singapore-registered Tropical 88 of valuables valued at \$1,000 before fleeing toward the Philippines.

Medical Records On-Line: Concern for Privacy Grows

By Gina Kolata
New York Times Service

NEW YORK — Individual medical records, carrying more sensitive personal information than ever before, are increasingly being gathered and stored by the tens of thousands in commercial databanks maintained by institutions like hospital networks, health maintenance organizations and drug companies.

And although there is a federal law that protects the privacy of video rental lists, private medical information is being bought and sold freely by companies that have ignored a patchwork of varying state laws that should have made it difficult to transfer those records across state lines.

The issue of medical privacy touches virtually everyone. "It is true to say that if you know a person's history of health problems, then you know more about that person than you would with any other data," said Lawrence O. Gostin, a professor at Georgetown University Law Center who is the chairman of a national privacy project for the Centers for Disease Control and Prevention and the Carter Presidential Center in Atlanta.

As medical records start including new genetic information that can predict diseases likely to show up in years to come, they will be able to reveal "not just health histories, but health futures," Mr. Gostin said.

On Tuesday, Senator Robert F. Bennett, Republican of Utah, and Senator Patrick J. Leahy, Democrat of Vermont, held hearings on a bill called the Medical Records Confidentiality Act, intended to establish uniform federal rules for the use and disclosure of health information, specifying who may see health records and under what circumstances.

Mr. Bennett said he expects the bill to be passed by Congress. "The prospects are extremely good," he said.

But although it has broad bipartisan support and a list of co-sponsors that includes Senator Bob Dole, Republican of Kansas, and Senator Edward M. Kennedy, Democrat of Massachusetts, the bill has drawn fierce opposition from some civil libertarians and patients' rights groups, who say it is no solution at all.

These critics say the bill does not offer needed protections, but instead makes it even easier for large companies to set up huge databases of medical records. And, they say, it would set a dangerous precedent by authorizing law enforcement authorities and others to delve into records without patients' consent.

Indeed, Mr. Bennett, who said the bill would give Americans "greater confidentiality and greater access to see their own records," also said he hoped the bill would head off the cacophony of state laws that hinder the creation of large regional or national medical

databases. Ultimately, he said, by making it easier to track medical treatments, their costs and their outcomes, the bill can lead to greater efficiency and lower costs for health care.

Among the institutions that gather information now are companies like IMS America of Totowa, New Jersey, which sells data to drug companies, and Equifax Inc., of Atlanta, which sells credit records and is now getting into the medical records business. Health maintenance organizations are also establishing enormous computerized files of medical records.

In addition, insurance claims examiners are putting more detailed information into computer files, and states are starting to put medical records into computers.

For instance, a new Maryland law requires that every contact between a patient and a

doctor be entered into the state's computer system.

In some cases, medical information is being sold without even minimal precautions to protect patient privacy. Robert N. Merold, a vice president for marketing at IMS America, said that when IMS buys patient records from organizations like state governments, medical clinics and drugstore chains, it often finds that patient names are included.

Dr. Denise Nagel, a psychiatrist who is the executive director of the Coalition for Patient Rights, an advocacy group based in Cambridge, Massachusetts, said she had become so concerned about privacy infringements that she advised patients not to seek insurance reimbursement because that can mean their psychiatric records would no longer be private.



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BANGLADESH UNREST — As a fire burned on a Dhaka street during an anti-government strike Wednesday, a boy sought safety. Ten people were hurt.

هكزامين الاصلي

INTERNATIONAL

Moscow Puts Pact In Doubt

It Rejects Limit On Border Arms

Compiled by Our Staff From Dispatches

MOSCOW — Russia is not ready to carry out obligations under the Conventional Forces in Europe pact with the West because to do so would ruin Moscow's defense capability, Defense Minister General Pavel S. Grachev said Wednesday.

"We are not ready at present to carry out provisions of the treaty. This especially concerns flank limitations," he said at a news conference.

"If we carry out the treaty in full, this would completely rule out the possibility of maintaining a minimum of security," General Grachev said.

The 1990 treaty is scheduled to be put into effect Friday, but Russia and the West were still struggling to find a compromise on what was initially regarded as the cornerstone of post-Cold War European security.

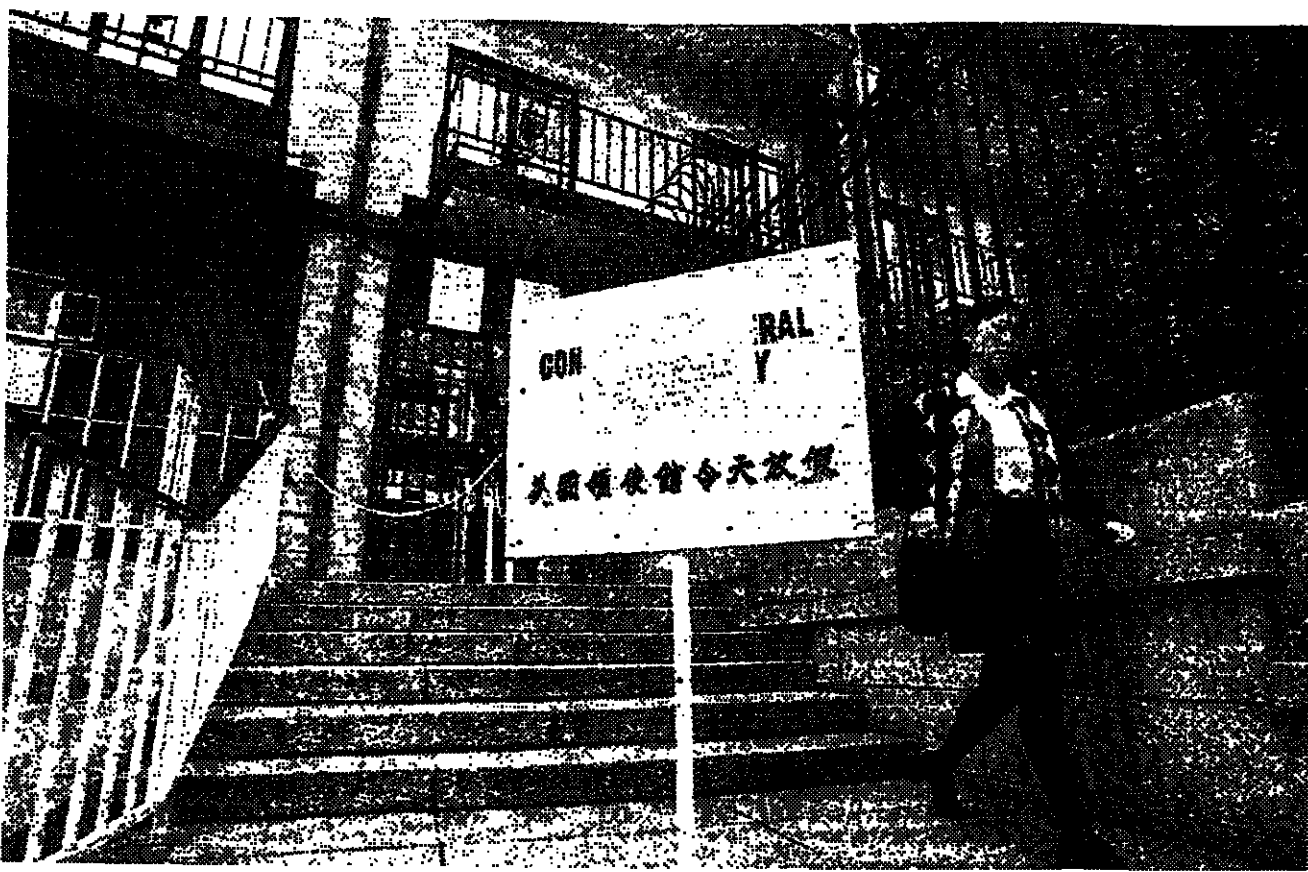
For the past two years Moscow has pushed for changes to the treaty because it wants to deploy more military hardware on its northern and southern flanks than the treaty allows.

The North Atlantic Treaty Organization offered in September to go some way toward meeting Russia's demands, exempting some Russian flank zones in the north and south from treaty limits. But Russia wants more concessions, especially on its southern border in the volatile Caucasus region.

General Grachev said that Moscow was still trying to strike a compromise deal with another signatory, the United States.

The treaty was negotiated in 1990, when the Soviet Union still existed. Moscow argues that the former Soviet Union's security requirements were markedly different to those of the smaller Russian state.

Moscow would like to be able to station more forces in its southern Caucasus region and around the northern city of St. Petersburg. (Reuters, AFP)



A Hong Kong woman who was turned away Wednesday at the U.S. Consulate. It was only open for emergency services.

U.S. Embassies Curtail Operations

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. embassies turned away visa-seekers, sent staff home and suspended some operations to save money, as President Bill Clinton and the Republican Congress were deadlocked over the federal budget.

The U.S. Embassy in Bonn temporarily laid off about 40 workers, 20 percent of its 200 U.S. employees. It also suspended visa operations and told diplomats to cancel business trips.

"It will not be business as usual," said an embassy spokesman in Bonn, who asked that his name not be used.

Most of the embassy staff of 900 are Germans whose jobs are protected.

A spokesman for the U.S. Embassy in London said a few people showed up Wednesday morning for visa appointments and were "very unhappy" to find that their appointments had been canceled.

Some, who had traveled some distance, demanded that the United States pay their travel and hotel costs. The spokesman said the embassy had no authority to do so.

The appointments are not being rescheduled since it is not clear when the embassy will be able to resume its work.

"The only exceptions," according to an embassy press release, "will be for life-threatening emergencies and visas for official/diplomatic travel by government representatives."

Roughly 40 percent of the consular staff, and an indeterminate percentage of the non-consular staff in Britain, is not working. Various U.S. operations, such as the "business information center," are closed indefinitely.

Normal "American citizen services," except for notary services, are continuing, including passport replacement, which is apparently considered essential.

In Paris, embassy and consular services came to a halt. "The embassy and the consular services are closed until further notice," an embassy spokesman said.

In Cairo, the embassy said it would continue essential services for U.S. citizens but would stop issuing immigrant visas. Visas for nonimmigrants would be handled only in "matters of life or death."

In Seoul, Beijing, Taipei, Singapore and Manila, embassies said they had stopped taking visa applications, although those in Taipei, Hong Kong, Jakarta, Bangkok and Manila agreed to handle emergency cases.

In Dhaka, New Delhi, Bombay, Madras and Calcutta, consular officers were to be available for "essential services."

But staff at the U.S. Embassy in Hanoi, which opened in August two decades after the end of the Vietnam War, said their operations were not affected by the budget dispute.

"We're all here," said a U.S. diplomat. "As far as I can see no one's sick, and it's business as usual."

The embassy in Manila said it would shut its visa section, one of the world's busiest. It handles tens of thousands of

visa applications from Filipino tourists and immigrants yearly. There are about 1.5 million Filipinos living in the United States.

Many Foreign Service staff are considered essential, so only a small number are affected by the budget dispute, said Helen Finn, public affairs officer at the U.S. Embassy in Vienna.

Despite the cuts, students en-

rolled in overseas schools run by the Defense Department apparently will not be getting an unexpected vacation.

The U.S. government has decided that the schools are an essential service and will remain open, reported Stars and Stripes, the U.S. military's unofficial newspaper published in Darmstadt, Germany.

(AP, AFT, Reuters, WP)

Hong Kong Rebuffs Beijing

Legislature Upholds Human Rights Bill

By Kevin Murphy
International Herald Tribune

HONG KONG — The Hong Kong legislature on Wednesday overwhelmingly rejected China's stated plans to scrap human rights laws after it regains control of the British colony in 1997.

Shortly before the legislative debate, China disclosed what it said were comments by Hong Kong's chief justice supporting its position. But many of China's traditional allies went ahead and joined opponents in backing a motion critical of any move to weaken the Bill of Rights.

Forty members of the Legislative Council voted for a motion that "strongly objects" to China's threatened moves, while 15 others in the 60-seat chamber opposed the measure, setting the stage for potentially greater conflict with Beijing in the waning months of British rule.

"In passing this motion, the Hong Kong people have sent the message that our rights and freedoms are paramount and will not be given up without a fight," said Martin Lee, a legislator and leader of the Hong Kong Democratic Party.

"What scares people now is not so much the attack on the Bill of Rights itself but what the moves signal about China's intentions toward Hong Kong in the future," Mr. Lee said.

Britain maintains that the Bill of Rights, a series of civil liberties protections drafted in line with the United Nations' International Covenant on Civil and Political Rights, is fully

compatible with local statutes, including Hong Kong's mini-constitution, the Basic Law.

But in accepting recommendations made by the Preliminary Working Committee, a local, China-appointed group advising it on transition matters, Beijing has signaled its intention to overturn laws pertaining to such areas as broadcasting, public order, telecommunications and emergency regulations.

Beijing, which also says it will abolish the Legislative Council in 1997, holds that these and other sections of the ordinance contravene the Basic Law.

In meetings with their Chinese counterparts, British officials have stressed the damage that will be caused to public confidence if Beijing repeals local statutes that enshrine the principles of the Covenant on Civil and Political Rights.

But Beijing, which is not a signatory to the covenant, rejects these concerns and is pressing ahead with its plans despite growing public disquiet, prompting the vote on Wednesday by the Legislative Council.

Before the dispute, Hong Kong's judiciary had stayed largely removed from matters that could be deemed political. But late Sunday, Beijing's official Xinhua press agency reported a conversation involving the chief justice of the Supreme Court, Sir Ti Liang Yang, and allegedly overheard by a Chinese official. According to the official, the chief justice said the Bill of Rights had undermined Hong Kong's legal system.

Although Sir Ti Liang has

stated publicly that he does not remember details of the conversation, he has suddenly found himself at the center of rising public unease about human rights protection in the future.

His involvement in the controversy has also drawn strong criticism from within a local legal community that is concerned about the ability of Hong Kong's British-style court system's ability to endure the 1997 handover without undue interference.

"In a vacuum, judges' comments about the Bill of Rights would be no problem," said a local lawyer. "But in the context of a situation where China wants to get rid of it for political reasons, it is foolish for the judiciary to be opining at this time."

The Hong Kong government rejected on Wednesday reports that it had forced Sir Ti Liang to clarify his stance on the Bill of Rights issue, a step that commentators feared would set a precedent for judges to report to the government.

"In view of the importance of this issue and the public interest in it, it seems only natural that the chief justice would want to state these views to the Hong Kong administration," a government spokesman said.

"The principle of the separation of the executive and the judiciary is perfectly well understood by the Hong Kong government," the spokesman said. "But this separation does not mean that there can be no communication between the judiciary and the administration."

Sir Robert Stephens, British Actor, 64, Dies

New York Times Service

LONDON — Sir Robert Stephens, 64, a leading actor in the formative years of Britain's National Theater who won fresh acclaim as a major Shakespearean performer late in his career, died Sunday at a London hospital.

Last year he underwent a liver and kidney transplant, and recently had suffered rejection problems.

His career fell into two distinct parts, virtually two separate careers. In the 1960s, he was widely regarded as the natural heir of Sir Laurence Olivier, then the National Theater's director. But after his departure from the company in 1970, and the breakup of his marriage to

the actress Maggie Smith three years later, he suffered a slump, worsened by heavy and persistent drinking.

Not until the 1990s, when the Royal Shakespeare Company invited the half-forgotten actor to play first Falstaff in "Henry IV," did he re-establish himself at the forefront of his profession.

Ralph Blane, 81, a composer and lyricist who, with Hugh Martin, created the songs for one of Hollywood's most beloved musicals, "Meet Me in St. Louis" (1944), died Monday at his home in Broken Arrow, Oklahoma, the town where he was born.

A World of People Without Homes

UN Refugee Agency Estimates 50 Million Are Displaced

The Associated Press

GENEVA — War, atrocities and persecution have forced a record 50 million people from their homes around the world, the United Nations refugee agency said Wednesday.

But the nature of the problem is changing, with displaced people increasingly staying in their own countries, the agency said in a report titled "The State of the World's Refugees."

The UN High Commissioner for Refugees appealed for a new emphasis on preventing conflict from occurring, rather than the much more expensive approach of picking up the pieces later.

"What might have happened in Rwanda if the estimated \$2 billion spent on refugee relief during the first two weeks of the emergency had been devoted to keeping the peace, protecting human rights and promoting development?" the report asked about the ethnic slaughter of 1994.

The number of people classed as refugees — a status technically accorded only to displaced people outside their home country — has actually declined to 14.4 million from its peak of 18.2 million when the commission presented its last report in 1993.

But the number of people

forced from the homes and remaining in their countries has soared. So the total number of people uprooted has increased 6 million from the 44 million reported in 1993.

The agency said it was now

caring for 27 million people, up from 17 million in 1990. Much of the growth has resulted from the breakup of the former Soviet Union and Yugoslavia, but Africa has been hard hit as well.

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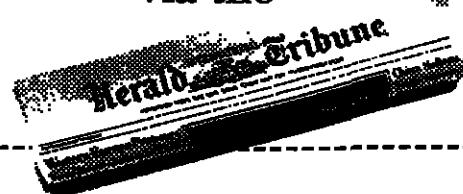
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Rinku Town, A New Pacific Business Hub

Pacific City Rinku Town: A Bright Future

When most people think of Japan, they think of the sprawling metropolis of Tokyo. Over the past year, however, international attention has turned more and more toward the Kansai region of Japan. With a GNP the size of Canada's, this area of the country — which includes the great merchant city of Osaka, Kobe and the traditional capitals of Kyoto and Nara — is poised to become a major player in the international arena.

This past September, the Kansai International Airport (KIX), which sits on a manmade island in Osaka bay, celebrated its first anniversary. Last year, the opening of the airport generated intense interest both in Japan and around the world not only because of the facilities of the airport itself, but also because of the vast potential of neighboring Rinku Town to serve as an important economic, social and cultural link between Japan and the outside world. It is expected to become a major Asian hub.

Flights into Kansai International Airport continue to increase. When the airport first opened, there were 47 flights per day. There are now 68 flights per day. Twenty-nine airlines were servicing KIX when it first opened; that number is now 36. Over the past year, connections to Europe, Asia and North America have been extended to 51 cities in 27 countries.

The number of passengers and the volume of cargo at KIX have dramatically increased over the past year, in spite of the damage inflicted by the Great Hanshin Earthquake in January. For example, passengers from foreign countries totaled 3,790,879 in KIX's first year of operations, a 134.9 percent increase over the previous year. A total of 21,111 international flights was registered, a 23.2 percent increase.

International cargo loading amounted to 140,037 tons, up 169.8 percent over the previous year, while cargo unloading was 209,841 tons, a 175.4 percent increase. (Data courtesy of the Aviation Office and Customs Bureau.)

THE RINKU GATE TOWER

The centerpiece of Rinku Town is the Rinku Gate Tower Building. Osaka Prefecture Governor Knock Yokoyama calls it the "symbolic structure" of Rinku Town. Two hundred fifty-six meters (280 yards) above ground, this 56-story building will be the tallest in western Japan. Located five minutes by train or car from the airport and 35 minutes from downtown Osaka, the Rinku Gate Tower Building is situated right beside the Rinku Town railway station.

The Rinku Gate Tower Building will emphasize intelligent use of office space and offer its customers a full range of business services and amenities. Not limited to office space, the building also contains conference rooms, a hotel, a medical clinic, a fitness club and much more. The Rinku Gate Tower Building is designed to operate 24 hours a day, just like the Kansai International Airport (KIX).

Rinku Gate Tower is about business first and foremost. Tenant companies will have access to any one of 11 conference rooms, ranging from 46 square meters (40-person capacity) to 800 square meters (800-person capacity).

Once a conference is finished, you can go to what are the most technologically advanced and environmentally friendly offices in the Kansai area. On every floor, you can enjoy a lounge with a panoramic view of Osaka Bay and the mountains. There is a great sense of space, as the building was designed without columns and has a 2.7-meter-high ceiling.

Two unique features of the building are the information center and the "incubator," located on the 13th and 14th floors, respectively. The first is an information center that can provide a

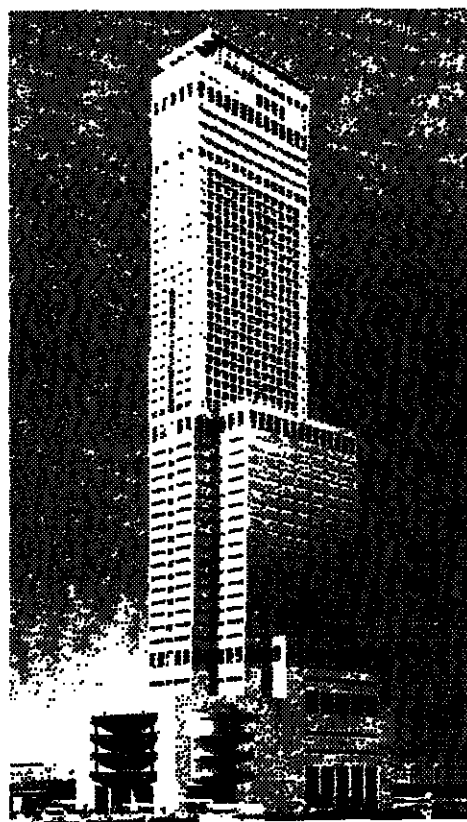
business with all the information it needs, as well as, for example, the latest information on cultural events in the Osaka area. The incubator is equipped with 15 booths that offer a wide range of secretarial and interpretation services, in addition to training and meeting rooms. These services will be a base to help you ease into the Japanese market.

Of course, an important part of any major office environment is proper facilities for health, recreation and leisure activities. On the seventh floor, a fully equipped fitness club is available, including a training room, swimming pool and exercise studio. On the eighth floor, a medical clinic is available to perform complete physical examinations or deal with unexpected illnesses.

Finally, within the station, a modern shopping complex — including a variety of convenience stores and bakeries, drugstores and retail stores — is being constructed. Plans also call for a post office and a bank. This city within a city allows unparallel access to all the goods and services you need.

All of this is available in a much more convenient location and at a more reasonable cost than might be expected. From the airport, virtually all of Asia is less than a day away, and those who need to get to the

major East Asian metropolises can catch an early morning flight out and a late evening flight back in. The cost? Rent for the Rinku Gate Tower is 6,100 yen (\$60) per square meter, much less than in central Osaka. Companies that are just getting started in Japan are more than welcome at Rinku Gate Tower.



The Rinku Gate Tower places a premium on offering convenience and many professional services.

RINKU PAPARA PLAYS ROLE OF INTERNATIONAL HOST

It has been a very busy year for Pacific City Rinku Town, as the construction of new facilities proceeds apace. In order to attract international attention to Rinku Town, operations at PAPARA (Pacific Paradise) began in September 1994. So far, more than 4 million people have visited the area.

Over the past year, PAPARA has held a number of successful events to promote both Rinku Town and the Kansai area. Among the first was the American Catalog fair, held from October 27, 1994 to February 12, 1995.

To promote American catalog shopping among Japanese consumers, the U.S. Commerce Department, represented by senior officials, attended the activities and opened the American Catalog House in Rinku Town to distribute mail order catalogs from firms such as Neiman Marcus and Lands' End. More than 2,000 catalogs were snapped up during the first weekend.

"The purpose of this event was to introduce the advantages of American catalog shopping to Kansai consumers," said one State Department official connected with the event. "We were very pleased to have the opportunity to use the facilities here at Rinku Town, as its location offers the perfect facilities for catalog shoppers."

Pacific Business Promotion Center Within the PAPARA complex lies the Pacific Business Promotion Center. The BPC was set up to help foreign businesspeople identify opportunities in both Japan and the Pacific Rim. Here they can use free short-term office space, excellent for doing feasibility studies. All necessary business services and facilities are available, and long-term rental arrangements are also possible.

BPC long-term lease tenants include companies from China, Hong Kong, India, Australia and Vietnam. In particular, Vietnam enjoys an active presence, having opened up a Vietnam Products Center within the building. Products on display include textiles, apparel and furniture.

Other facilities include JETRO (Japan External Trade Organization), FAZ (Foreign Access Zone) Support

Center Osaka Rinku, the IBO (International Business Organization) of Osaka and the Osaka regional office of the World Tourism Organization (WTO).

A number of business information services necessary for entering the Japanese market are provided, such as information about the Osaka area for foreign companies that are looking at the Osaka market.

Kansai, positioning itself closer to the Asian market, has used Rinku Town as a magnet to attract companies from Southeast Asia, including Vietnam. On November 1, 1994, direct flight service from Ho Chi Minh city to Kansai International Airport was inaugurated. Shortly afterward, the Business Promotion Center opened a Vietnam Products Center.

"We expect economic exchange between Vietnam and the Osaka and Kansai areas to improve," said Nguyen Tam Chien, the Vietnamese ambassador to Japan, at the opening ceremony held at the PBC.

The construction rush is on. For international commerce, the location of Rinku Town offers many advantages, and a construction rush is in progress. First and foremost is the connection to Kansai International Airport (KIX) — literally across Osaka Bay. KIX is expected to continue to grow as Japan's "gateway to Asia," with extensive connections to this region of the world, including the only Japan-Ho Chi Minh city direct-flight service.

The advantages are obvious. Unlike Tokyo, where passengers from abroad often have to board a bus and transfer to Haneda airport (an hour-long trip to catch local flights), KIX offers excellent connections between domestic and international departures and arrivals from the same location.

With the APEC conference being held in Osaka this month, and an aggressive business and government campaign to attract more business with Southeast Asia, the airport and Rinku Town stand poised to become two of the most recognizable names for business in all of Asia. Rinku Town aims to become the first line of support for those from the outside world seeking to



Rinku Town and Kansai International Airport share Osaka Bay as a common "border."

base their operations in Japan. To this end, the Rinku Gate Tower Building is under construction, with completion scheduled for August 1996. In addition, the Energy Center Building and the Kansai International Center are also scheduled for completion. The Hannan Skytown, a residential section, will also be constructed.

The Japan Foundation's Kansai International Center is located on a 20,000 square-meter (23,920 square-yard) site with 18 floors above ground, including 150 dormitory-style rooms. Scheduled to open in late 1996, the center will serve as a classroom for Japanese language instruction and will offer seminars for diplomats, Japanese language instructors and journalists from abroad.

Two other important aspects of learning Japanese will be handled by the center as well. As study of the Japanese language abroad is increasing, especially at the junior high and high school levels, the number of foreign students coming to Japan is also rising. The center will institute programs to help the students understand Japanese culture and language. The

center will also offer assistance to those who wish take the Japanese Language Proficiency Test and will establish a section to administer the test.

The major facility for warehousing and distribution is the Rinku International Logistics (RIL) Center. Designated as an imports promotion area within the FAZ, RIL is positioned as a basic facility for distribution. The building is scheduled to be completed in 1996.

RIL's distribution center will offer a wide range of services and facilities, including an air cargo depot, a distribution center and a warehouse. Directly linked to Kansai International Airport, it will offer both domestic and international companies an excellent distribution base for the Kansai area and the world at large.

The distribution complex will include an access ramp that will allow trailer-trucks of up to 11 tons to reach all floors. RIL also has plans to invite a customs clearance facility to occupy a neighboring site. All companies within the 11-hectare (27-acre) FAZ will be served by both the customs facility and the RIL center.

ANA HOTEL HAS IT ALL

The largest tenant in the Rinku Gate Tower complex is the ANA Gate Tower Hotel Osaka. At a height of 256 meters (280 yards), it is the tallest hotel in western Japan, offering a full range of services, an elegant atmosphere and excellent hospitality. A total of 361 guest rooms are available on floors 29 to 50, including 109 single rooms, 162 twin rooms, 82 double rooms, four junior suites and two suites.

The charge for a single room is 15,000 yen (\$150) per night, while a twin room is 26,000 yen. These rates are less expensive than first-class hotels in central Osaka.

Round-the-clock business facilities For the international business traveler, ANA Gate Tower Hotel Osaka offers a full range of business services, including an international conference center with extensive security services and simultaneous interpretation booths. The conference center may also be used for smaller exhibitions. Other special business amenities, including a wide range of secretarial, interpretation and translation services, are also available for hotel guests 24 hours a day. In addition, there is a fitness club for those who wish to work out after a long day. The club includes a swimming pool, gym and dance studio. In short, a relaxing, efficient business environment has been assured.

It is important to remember that, in Japan especially, weddings are a large part of the hotel business, and the ANA hotel chain has taken the lead in providing extensive wedding and banquet facilities. There are eight small banquet rooms on the third and fourth floors, ranging in size from 32 square meters to 99 square meters. One medium-sized room can seat 190 (or 250 for a buffet), and a grand banquet hall seats 360 (500 for a buffet). A hall called "Sky Banquet" on the 53rd floor commands a view of Osaka Bay. Other facilities include a chapel, a Shinto shrine, a photo studio, a beauty salon and dressing rooms.

Transportation is a breeze Of course, getting to and from a hotel is a major consideration for all business travelers. From the airport, the hotel is five minutes away by rail or car. A trip to central Osaka takes around 50 minutes by train. The ancient capital of Kyoto is approximately one hour and 40 minutes away, while Kobe is about 30 minutes away by ferry.

Pacific City Rinku Town offers the international business traveler excellent geographic access, a full range of services and a major competitive advantage for those seeking to expand their business activities in Japan and throughout Asia.

Rinku Town and the Kansai area of Japan are cleared for takeoff. With attention focused on the Kansai region due to the Osaka APEC summit, visitors to the region will recognize that Rinku Town is Japan's best gateway for people, products and information, and is one of the world's most technologically advanced cities.



The ANA Gate Tower Hotel Osaka: a first-rate business hotel with a sense of aesthetics.

ANA Hotel's Sales Offices

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Opportunities for Investors In Pacific City (Rinku Town)

- Large concerns can buy land and build their own buildings.
- Slightly smaller firms are encouraged to rent a floor of the luxuriously appointed Rinku Gate Tower Building.
- For more modest requirements, it is possible to rent an office in a building that offers full communications facilities, secretarial services and consultations.

For further information, contact these offices of International Business Organizations of Osaka, Inc.

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Give NATO a Head

The job of secretary-general of the North Atlantic Treaty Organization is not something that Americans spend much time thinking about. But it is an important post, particularly as NATO prepares for a possible peacekeeping mission in Bosnia and considers expansion of the alliance into Central Europe. Washington and its allies have spent enough time quarreling over a successor to Willy Claes of Belgium, who was forced to resign because of a financial scandal. It is time to settle on a new leader.

Traditionally, NATO's military leader, the supreme commander, is an American, while its civilian leader, the secretary-general, is a European. Both posts require consensus backing from all 16 alliance members. An early European consensus formed behind Ruud Lubbers, a former prime minister of the Netherlands, as the next secretary-general. But after Washington expressed reservations, he withdrew. Now France seems ready to reject the remaining contender, Uffe Ellemann-Jensen, a former Danish foreign minister. A new candidate will probably have to be found, the sooner the better.

In a matter of weeks NATO may be asked to enforce a Bosnia peace agreement. The alliance is also in the midst of a crucial debate on expansion into the former Communist countries of Central and Eastern Europe, a premature step that Washington is pushing. The next NATO leader does not have time for on-the-job training. The new secretary-general must

have a firm grasp of the complexities of both Bosnia and the expansion issue and be prepared to sell Americans on the need for continued European engagement.

Clinton administration officials considered Mr. Lubbers deficient in all three respects. While it may seem churlish to reject Europe's candidate for NATO's top job, Washington was right to make its objections clear. A NATO leader who lacks the confidence of the United States can only produce a troubled alliance.

Mr. Ellemann-Jensen's biggest disqualification, in Paris's eyes, is his lack of fluency in French, one of the alliance's two languages. That objection must also be respected. France withdrew from NATO's integrated command structure in 1966 but remains an important member of the alliance. Paris has long been ambivalent about whether it means to base its security planning on the Atlantic alliance or on some purely European force to be formed by the European Union. Full French commitment to NATO is essential to the alliance's future, especially if military operations in Bosnia expand.

The process of choosing Mr. Claes's successor must begin anew, but it must proceed quickly. A Bosnia agreement could emerge soon, and the formal debate on NATO expansion is set to resume in early December. An acceptable candidate should not be that hard to find once NATO members focus on the importance of their choice for the organization's future.

—THE NEW YORK TIMES

Arabs Versus Arabs

From its weapon of choice, the fax, the opposition or some part of it in tightly controlled Saudi Arabia has moved on to the car bomb. On Monday terrorists exploded the first, killing six persons, including five Americans, at a communications center in the capital where Americans train the ruling family's internal security force. It remains to be investigated whether the deed issued from an isolated terrorist or the Saudi opposition in exile or some other quarter. But it certainly adds to the nervousness that Western friends already feel as they look on friendly authoritarian governments facing Islamic fundamentalist challenge on one flank and pressures for secular modernization, including democratization, on the other.

Iran, Egypt, Algeria, Saudi Arabia — on the lengthening list of Mideast countries faced with a crisis of legitimacy, the Saudis, by virtue of their oil, rank first in international concern. Their country, like many of the towns and even the individual buildings in it, seems almost physically exposed to hostile elements. To offset a small and untrusted population and a location in a dangerous neighborhood, the ruling family has reached out discreetly for foreign support. This is how Americans come to be, and come to be targeted, in downtown

Riyadh. Washington's efforts to cushion the cultural offense and lower the political profile of a huge American presence can only go so far.

"In 1994," Human Rights Watch reports, "Saudi Arabia witnessed the largest roundup in recent history of opposition activists and a new low in the dismal human rights record of the kingdom." Strategic and commercial considerations largely muted the official American response.

Similar considerations have dampened Washington's criticism of Egypt's more open but still essentially authoritarian political style. That is unfortunate. At this moment Egypt could use an American nudge. Some establishment regulars, including the last Egyptian ambassador in Washington and a former World Bank vice president, propose to monitor legislative elections to help weak opposition parties get a fairer shake. President Hosni Mubarak's (one-party) government professes itself gravely affronted by the very idea. But election monitoring is a modest and conventional practice that a sensible leadership would use to reassure home and foreign opinion alike. It is a way for Egypt to distinguish itself from Saudi Arabia, which doesn't even have political parties.

—THE WASHINGTON POST

Washington Brawl

As the semi-shutdown of the U.S. government began on Tuesday, amid a cold and steady rain, congressional conferees were finishing work on the great pile of legislation known as the reconciliation bill. It changes dozens of laws to reconcile them, in great detail, with the plan in the budget resolution that the Republican majority passed earlier this year. This is the bill that would actually carry out the Republican plan to balance the budget. That is why it, and not the two bills that President Bill Clinton vetoed on Monday, is at the center of the struggle between him and the Republicans.

We offer the following paragraphs as program notes to the brawl between the administration and Congress. The two vetoed bills were temporary measures. One would have raised the national debt limit for a month. The other would have authorized the government to keep spending money for another two weeks in the areas covered by the 10 appropriations bills not yet enacted; it was the rejection of this one that closed the Washington Monument. They are important because, for compelling legal reasons, sooner or later the president must have spending authority and an increase in the debt limit.

But, in contrast, the president does not have to have a reconciliation bill. Vetoing it does not inconvenience him or create any legal crisis. The effect of a veto is simply to leave present law as it now stands regarding the health care programs, taxes, welfare, agricultural supports and all the endless list of subjects that the reconciliation bill would affect. The congressional Republicans are trying to use the spending and debt limit leg-

islation, where they have a lot of leverage, to force the president to sign the reconciliation bill, where they have little.

Except for one thing. If the president wants to make any progress toward cutting the budget deficit, he is going to need legislation. In particular, the two big health care programs, Medicare and Medicaid, are mainly responsible for forcing federal spending upward. They need to be disciplined, their costs controlled, to a degree that the president and the Democrats, in all the posturing so far this year, have declined to accept.

Mr. Clinton is anxious not to seem to be opposing fiscal discipline, as he demonstrated on Tuesday in his statement to the press. He reaffirmed his support for a balanced budget in nearly every paragraph. But he can't get there without putting more of an arm on Medicare, particularly, than he and the congressional Democrats have shown a willingness to do. They have been prospecting harder for votes among the elderly and against the Republican proposal than they have for the savings needed to bring the deficit down. That is going to be one of the toughest spots, perhaps the toughest, if and as the two sides get seriously to the bargaining table.

The present partial shutdown of the government is like an industrial strike. Both sides are prepared to hold out for a while to demonstrate the strength of their feelings, but not — let us hope — forever. You will know that the negotiations to end it are serious when (and if) they are no longer about the debt limit or appropriations, but about the reconciliation bill and the big health care programs themselves.

—THE WASHINGTON POST

A Bosnia Deal Needs to Appeal to Americans, Too

By Thomas L. Friedman

WASHINGTON — At an American base in Hohenfels, Germany, the U.S. Army has set up a remarkable training facility — a mini-Bosnia. The Hollywood-like set consists of villages with burned-out cars, shot-up houses and NATO soldiers in costumes playing different roles, including the mayor, refugees, black marketeers, snipers, a CNN reporter and warring factions.

Units of the army's First Armored Division, which will be the backbone of the U.S. peacekeeping force in Bosnia, have to spend time practicing in the villages and are scored on how few of their men get hit by pretend snipers using laser guns. Secretary of Defense William Perry told me that the motto of the U.S. commanders running mini-Bosnia is that "the scrimmage should be harder than the game."

A month ago, President Bill Clinton implied that if the Bosnian factions negotiating in Dayton, Ohio, reach an agreement, U.S. peacekeeping troops in Bosnia would be like the U.S. peacekeepers separating Egypt and Israel in the Sinai Desert, who spend their days counting camels. That no longer seems to be the administration's approach.

The argument now, which Mr. Perry laid out in an interview, is that this mission is going to be dangerous, and that even with a peace accord there will be some local pockets of opposition — but it is worth doing because to not go in would lead to more killing in Bosnia, a spreading of the war and a debasing of American leadership.

"The problem I don't want to have to deal with," said Mr. Perry, "is 'Why didn't you tell me about this? You told me it was going to be a Sunday school picnic, and what happened? Somebody's shooting at us after we get there.' It is not that I am callous about the risks. It's that I recognize the risks of not going in are greater."

Those risks, he added, involve "not just feeling bad about the continuing slaughter in Bosnia. There's a very real danger of this war spreading beyond Bosnia." Anyone who blocks this mission, he said, "is now saying 'I want the war to continue in Bosnia.'"

If anyone is sitting back waiting for the Clinton administration to make that one

knockout argument for sending troops to Bosnia that will wow the public and Congress so effectively that their reservations will melt away, he is waiting in vain. Mr. Perry's blunt talk is the argument.

Will it sell? I think the U.S. public can be persuaded — reluctantly, very reluctantly — to send troops to Bosnia to support a peace accord, provided that the risk of casualties is minimal and the U.S. mission is confined to simply separating the parties and consolidating the cease-fire. That is a mission that people can intuitively understand — separating combatants, preventing further massacres and giving the parties enough security so that they might start relating to each other differently.

Where, I think, the public will draw a line is anything that goes beyond simple peacekeeping into nation-building. If the parties will only agree to sign the peace treaty if the United States contributes forces to separate the warring factions, that is one thing. If the parties will only sign the peace treaty if the United States contributes forces to put Bosnia back together again — to guarantee elections, to guarantee constitutional arrangements, to guarantee a return of refugees, to hunt war

criminals, to impose arms control measures — that is going to be a hard sell. Those are all worthy goals. And U.S. diplomats, using economic leverage, should be assigned to promote them. But those goals will have to be achieved by the parties, at their own speed.

The Bosnia peacekeeping debate highlights the disconnect in America today between the foreign policy elites and the public. The elites see all sorts of opportunities in Bosnia — from finding new ways to cooperate with Russia to finding a new mission for NATO and U.S. troops in Europe. The elites believe that because the Cold War is over America can do all of these things. But the public believes that because the Cold War is over it doesn't have to do all these things.

Bridging that gap is the administration's challenge. I think it is bridgeable, barely. But the message to U.S. negotiators trying to work out a Bosnia peace deal has to be: Keep it simple. Any U.S. peacekeeping mission that requires an expert from the Brookings Institution to explain is going to be a problem. Don't negotiate a deal in Dayton that you can't sell in Dayton.

The New York Times

Help Israel, Saudi Arabia and the Others Become Normal States

By Jim Hoagland

WASHINGTON — The Israeli fanatic who proudly slew Yitzhak Rabin and the anonymous car bombers who killed five Americans in Saudi Arabia had a common target. They sought to murder the future.

They killed to halt the transformation of the Middle East into a region in which tolerance and normalcy are more important than religious zealotry and revenge.

Once inconceivable scenes of King Hussein weeping in Jerusalem at the funeral of a slain Israeli leader and of Yasser Arafat offering condolences to Leah Rabin in the grieving widow's home underline how far the dividing line of conflict in the Middle East has shifted in a few years.

There are still many in the region who see the primary struggle as one that pits Arab against Israeli, Muslim against Jew. Arab nationalist against Zionist militant. Those elements cannot be erased from a conflict rooted in irreconcilable claims to specific territory and rights.

But Mr. Rabin's assassination,

and the continuing reactions to it around the world, illuminate the broad forces of change at work in the Middle East and the new alignments that they produce. As Mr. Arafat and Mrs. Rabin mourned together, Iran's fundamentalist government and American Jewish extremists were expressing joy over the assassination.

Mr. Rabin's crime in the eyes of his confessed assassin, Eyad Amir, was to want to make Israel a normal country that could live in peace and security with its neighbors in the 21st century, even if that required giving up territory captured in the 1967 war.

That is not what God ordained for Israel, Mr. Amir and his supporters believe. Giving up part of biblical Israel to Palestinians not only threatens modern Israel's security but that nation's soul and its reason for existence, in the extremists' view. The issue for them was not security — the legitimate political question that divided Mr. Rabin's Labor coalition

from the opposition Likud bloc — but theology.

Like the Islamic fundamentalists on the other side, the Israeli zealots have drawn a line in blood against the secularization of their society and the unique religious mission they ascribe to it. Their information highway is a one-way thoroughfare leading into a largely imaginary past. They see joining the modern world as fatal catastrophe, not as desirable goal.

The initial claims of responsibility for the bombing of an American-run military training facility in Riyadh have come from little known Muslim extremist groups who also invoke God's name to justify assassination. The identity of the killers is yet to be conclusively established.

In his own halting and uncertain way, King Fahd seeks to modernize Saudi Arabia in the context of a Middle East no longer dominated by Arab-Israeli wars. He is in no way prepared to take the risks that Mr. Rabin, Anwar Sadat

and others took for peace. But his incremental moves toward tolerance and the trappings of democracy have stirred intense domestic opposition from those committed to rigid Islamic theology.

King Fahd's defensive alliance with Washington increases Saudi Arabia's exposure to Western influence, even as it keeps Iraq's Saddam Hussein and other regional predators at bay. The U.S. military trainers hit by the bomb blast on Monday were advising the kingdom's National Guard, which has the primary responsibility of protecting the royal family and the kingdom's oil fields.

The American victims were chosen as randomly by their killers as Mr. Rabin was targeted specifically by Mr. Amir. The Americans' identities did not matter to the terrorists in Saudi Arabia, who sought to obliterate Western influence and its faceless agents with their blast.

The Middle East is history's great crossroads. Arab society is permeated with Western cultural, commercial and political influ-

ences that cannot be surgically chipped away by terrorist bombs, even in a relatively isolated country like Saudi Arabia. The entire edifice would have to be razed, as was tried unsuccessfully in Lebanon and is now being attempted in Algeria and Egypt.

Israel's vibrant society is even less ready to cede to the politics of murder. Extremist rabbis ready to issue Judaic fatwas for the elimination of Mr. Rabin and others are being denounced and investigated. Leah Rabin has refused to let Likud off the hook for not having opposed the hate campaigns against her husband forcefully enough.

The assassin intends his politics to prevail over those of the victim. But the terrorist act becomes a third entity, creating political effects of its own. Out of the shock and grief triggered by these two heinous crimes should come new international support for those who work together to make Israel, Saudi Arabia and the other countries of the Middle East normal states.

The Washington Post

Watch Out, the American-Japanese Marriage Is on the Rocks

By Tom Plate

LOS ANGELES — Looking back, I wish my college friend Haruhiko had stayed another year and allowed himself to become Americanized. But his two-year Japanese government fellowship to Amherst came to an end and his family summoned him back to Kobe forthwith. "I'm having too much fun here with you crazy Americans," I recall him saying. "If I stay in America much longer, I'll never be able to go back to Japan and fit in again like 'normal Japanese.'"

Now, thinking about the storm clouds gathering over U.S.-Japanese relations, I wish a whole generation had come, like Haruhiko, and stayed too long.

"Only a Japanese who has lived or studied here can possibly understand you Americans," says Haru, now a businessman in Japan. "Not many Japanese do."

And how much does America really understand Japan? In a speech in Honolulu, Japanese Ambassador Takakazu Kuriyama raised that question. Forty thousand Japanese study in the United States but only 1,200 Americans in Japan.

Whatever the reason, the postwar shotgun marriage of Japan and America is on the rocks. Misunderstanding in a marriage can lead to divorce, but misunderstanding between big powers can lead to far worse.

Further deterioration in the relationship would be a political windfall for nationalist elements in Japan — the kind of blunder that could put Ryutaro Hashimoto, the skilled, nationalistic trade minister, into the prime ministership.

Mr. Hashimoto, head of the powerful Liberal Democratic Party, leads his closest parliamentary challenger in the latest polls 5-to-1. This resourceful and steely politician represents a new generation of leaders who support an economic, if not a military, divorce from America.

Some top Japanese even believe that Japan should shed today's demilitarized, pacifist skin and metamorphose into a "normal nation" with its own superpower military machine. Then it could un-

ceremoniously return the American security blanket to sender.

If this happens, as Jim Rohwer, former Asia correspondent for the Economist, writes in his comprehensive new book, "Asia Rising": "Japan, with its troubled Asian history, its domestic-policy paralysis and its security fears about its close neighbors (Russia, China and a probably soon to be reunified Korea), will be a handful."

The truth is that the current setup works well. "I don't see why there has to be any real rush for Japan to become a so-called normal nation," Secretary of State Warren Christopher told me recently. "The present security relationship has worked very well for a long time. That's one reason we have about as many U.S. troops in Asia now as in Europe."

Mr. Christopher is right. The U.S. cop-on-the-block has kept the region cool, soothing historic mistrust.

Here at home, the U.S.-underwritten postwar stability has put money in many pockets. In California last year, Japanese automakers invested \$2.6 billion and their

125 dealerships statewide employed 50,000 Americans. U.S. exports to Asia are running more than 10 percent higher so far this year than last.

But all this positive stuff drops like a rock to the bottom of the Pacific lake if Mr. Hashimoto leads Japan back to the future. So the Clinton administration is scrambling because the centerpiece of its foreign policy is expansion of international trade, and trade with Asia is the key.

But I think of my 9-year-old daughter. She has a wonderful Japanese-born friend whose father is temporarily on assignment here. Whenever invited, the Japanese girl bounds over to be with her crazy American girlfriend. But my daughter always has to initiate the invitation.

I like my daughter's friend's parents, but I get the sense that they don't want her to become Americanized. And my guess is that when they return to Japan, they will support Mr. Hashimoto's nationalism, as will a whole lot of Japanese, and that my daughter will never see her friend again.

Los Angeles Times

The Commercializing of American Foreign Policy Is a Bad Idea

By William Pfaff

SEVILLE, Spain — It is a season of alliance discord. The American-sponsored proposal for a trans-Atlantic trade agreement was buried here last weekend, when business leaders, mainly from the United States, accepted the judgment of Peter Sutherland, former head of GATT, that such a pact now would be "neither realistic nor desirable."

The idea's supporters, mainly American but including Sir Leon Brittan of the European Commission, undoubtedly would hope that their proposal has merely been placed in cryogenic suspension, like frozen Californians, awaiting reanimation. But events are likely to prove, as usual, that death is permanent.

Most of Western Europe's governments are preoccupied with high levels of unemployment and social tension, and do not see in the North American Free Trade Agreement's ambiguous results in the United States, Mexico and Canada evidence that they should plunge into a newer and bigger American-sponsored globalization scheme.

That same weekend, Mexico's central bank had again to counter speculative pressures against the peso. The United States is engaged in yet another gratuitous government shutdown motivated by political advantage-seeking.

Following the leader is not as appealing as it used to be. The most pro-American of Europeans are also angry at the way Washington rejected the candidacy of former Dutch Prime Minister Ruud Lubbers to become secretary-general of NATO.

This episode coincided with Japan's unprecedented reaction to the revelation that the Clinton administration launched the CIA on the allied government there, to spy on Japanese officials and businessmen in connection with last year's trade talks. The government said on Friday that its newfound "distrust of the United States" was justified.

Both affairs feed resentment of what the French daily *Le Monde* calls America's new and "extraordinary pugnacity" in trying to have its way in commercial as well as political matters.

In purely commercial terms, of course, there is no reason why it should not pugnaciously pursue its interests. France, Germany, the Dutch and certainly Japan put forward their own interests with no great scruple about American commercial concerns.

Yet what does the United States want? Cooperation or domination? Clinton administration officials say they want cooperation, and nominally Washington does. But, driven by Bill Clinton's politically motivated jobs and exports priorities, the administration is attempting to achieve trade and commercial domination by political and even espionage methods.

The effort is curiously irrelevant. American business can look after itself, and today is extraordinarily dynamic in export markets. Trade, in any case, is much less important for the United States in the advanced industrial world than is investment.

Production by American companies in Europe now is worth some \$850 billion a year. Job-creating European production inside the United States is worth \$650 billion, which means that Europe and the United States have a \$1.5 trillion economic relationship even without trading any goods — a figure which dwarfs the trans-Pacific trade total.

There is a long-term loss for the United States in what it is doing. The Seville meeting between U.S. and Spanish businessmen was followed on Sunday by a forum in which the political and social concerns and conditions of Americans and Europeans were considered with mutual sympathy.

Frequent reference was made to the generous American policies of the past, which fundamentally contributed to Europe's unification and to Spain's own emergence into the European mainstream from the isolation and introversion of its years under Francisco Franco's dictatorship.

This fundamentally benevolent, if not disinterested, American support for what has been most constructive in the postwar development of Europe — and of Japan as well, working to integrate Japan into the international alliance of the democracies — is responsible for the international leadership that the United States has enjoyed since the 1940s.

The Clinton jobs-jobs emphasis reverses priorities. Narrow American commercial interests now outrank political considerations. This is most dramatically

demonstrated in the assignment of the CIA, an agency of cold war, to commercial spying on the allies. Washington cannot simultaneously claim the benefits of political alliance and treat its allies as commercial enemies.

This is the paradox in the Clinton administration's policy (largely inherited, of course, from the Bush administration). America's embassies abroad now make economic war, but in doing so

they are spending the political credits earned during four decades of international political leadership in the Cold War.

Those political credits will sooner or later be gone. There will have been no economic gains commensurate with what is lost. That is why the commercialization of American foreign policy is a fundamental mistake.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Maritime Disaster

LONDON — A sad naval disaster has occurred in Japanese seas. On the 13th, the launch of the H.M.S. Edgar with a large party of blue-jackets and officers capsized while making for the shore, with the result that some forty-eight lives were lost. Rumors that a disaster of some kind had occurred were current here early in the afternoon [Nov. 16] at the Service Clubs, but it was not until about three o'clock that any official confirmation could be obtained.

1920: Theatre Tragedy

NEW YORK — Six children, ranging in age from two to twelve years, were killed and eleven others of the same age were injured in a panic in the Katherine motion-picture theatre yesterday [Nov. 14]. Smoke from a newly-lighted furnace filtered up through the floor of the small, dingy theatre and threw the 300 occupants into

wild panic. The theatre was filled to capacity when the panic occurred. All the deaths and injuries resulted from a crush of older children and adults, who were fighting their way down the stairway from a balcony.

1945: Atomic Proposal

WASHINGTON — Creation of a United Nations Commission to control the threat of atomic destruction in the world was proposed today [Nov. 15] by the United States, Britain and Canada. President Harry S. Truman, Prime Minister Clement R. Attlee and Canadian Prime Minister W. L. Mackenzie King made this known in a joint communique. At the same time they declared the three nations, which alone possess the know-how of atomic-bomb manufacture, would not share that knowledge until "it is possible to devise effective reciprocal and enforceable safeguards acceptable to all nations."



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OPINION/LETTERS

Television Fires, and Dulls, Compassionate Impulses

By George F. Will

WASHINGTON — Balkan savagery is forcing Americans to think through a moral dilemma that brings to mind one of the great comic figures of English fiction — Mrs. Jellyby in Charles Dickens's "Bleak House." She makes a brief but telling appearance in a brilliant essay soon to be published in *The National Interest* quarterly. The essay is "Compassion and the Globalization of the Spectacle of Suffering," by Clifford Orwin of the University of Toronto.

Mrs. Jellyby was the ditty do-gooder who practiced "telescopic philanthropy." Her children were neglected and London's poor went unnoticed outside her window because her gaze was fixed on the suffering natives of Borrioboola-Gha. She had, Dickens wrote, handsome eyes but "they could see nothing nearer than Africa."

Today, writes Mr. Orwin, because of television, everyone's gaze can be fixed on — can hardly avoid being fixed on — the plight of distant people. This television "window on the distress of fellow human beings" is often thrown open as the suffering is actually occurring, and humanitarians hope that the instantaneous global dissemination of heart-rending pictures of agony will soften hearts and prompt humanitarian interventions. Mr. Orwin has doubts.

Compassion, he says, depends on imagination, which is why children manifest little of it. It is axiomatic: One death is a tragedy; a million deaths are a statistic. We can imagine the former. Television pictures of real victims are "pegs on which to hang our imagination." However, before "looking to television to effect universal moral regeneration," Mr. Orwin warns, note that "images of televised suffering trade at a substantial discount."

They can be turned off, or tuned out by people for whom television, always on and rarely noticed, is akin to audible wallpaper. Also, television audiences, emphatically including audiences of news broadcasts, want to be entertained, and the right amount of suffering is entertaining — but only the right amount of it.

Television has a large menu of sufferers to choose from, and viewers can choose which to feel compassion for, until compassion exhaustion sets in.

Mere humanitarianism toward distant victims, as distinct from communal identification by viewers with similar people similarly situated, is, writes Mr. Orwin, "fickle and highly unstable. To find, as the Good Samaritan did, a single victim by the roadside is one thing. To confront a succession of them on television, all very far from us and widely scattered around the globe, is something else entirely."

Which brings him to the heart of the matter: "Our humanitarian impulses may fire, but they will also tend to sputter. On the one hand, we wish that we could help; on the other, we are only too likely to feel ourselves absolved by the fact of this very wish."

Humanitarian intervention is noble precisely because it is not urgent — not closely connected to vital national interests. So there is a mixture of high moral content and low practical content to humanitarian commitments that nations make.

Mr. Orwin says we resolve this ambiguity by saying that humanitarian interventions justify the expenditure of treasure but not lives. The result is a compound of interventionism and isolationism, expressed in multilateralism, which is analogous to nonpartisanship in domestic matters deemed not serious.

A European diplomat, explaining his country's policy of neither intervening forcefully nor altogether refraining from intervening, cites the "CNN factor." As Mr. Orwin explains that, the Balkans are a television tragedy to be coped with on television by using images of symbolic concern to neutralize images of actual suffering.

Recalling Rousseau's dictum that "it is by dint of seeing death and suffering that priests and doctors become pitiless," Mr. Orwin warns that "the new abundance of televised suffering" may desensitize rather than sensitize viewers, who become "voyeurs of the global village." Compassion's horizons become broader, but compassion becomes thin gruel.

We have seen something like this before. At the dawn of television, people worried that it would unbalance constitutional balance by making presidents irresistibly powerful. Instead, it has miniaturized most of them by making them promiscuous claimants for the attention of the country, which is indifferent when not disdainful. People hoping that televised suffering will cure hardness of heart may be in for a similar surprise.

Washington Post Writers Group.



LETTERS TO THE EDITOR

Hope Survives

Fifteen years after Anwar Sadat was gunned down, one could never imagine that Yitzhak Rabin would be killed in the same way, in the early stages of the peace process.

That process, initiated by Mr. Sadat and the Israeli leadership of the time — with the help of the United States — did not end with the Egyptian leader's death. Hope did not leave the region. Peaceful relations continued between Israel and Egypt, contributing to a mutual understanding of each other's needs. That led to true cooperation on the basic problem in the Middle East: the Israeli-Palestinian conflict.

To kill a key leader of the peace process is a horrible thing. But an old Arab saying has it that "this day, too, shall be followed by another."

If Mr. Rabin was killed, like Mr. Sadat before him, by the hand of evil and hatred for peace-making, we — humanity — should continue along that difficult road until we all reap the fruit of peace. Hope still sparkles.

To Mr. Rabin's family one can say: He was yours before; now he belongs to all humanity.

KHALED EL-BIALY,
Dakhla, Egypt.

The Basics

If there is one thing the U.S. and EU negotiators are missing as they

try to reinforce the trans-Atlantic relationship, it's not the need for a free trade area.

Tourists, students and businesspeople would all be better served if the negotiators sat down and worked on a few items that would really make a difference to the citizens of the United States and the European Union countries.

I suggest three priorities:
• Coordinate summer and winter time changes so that all the countries of the EU and the United States make the shifts forward and backward on the same weekend.

• Agree to common standards in telephones so that everything from the plugs that go into the wall socket to the instruments themselves can be used on both sides of the Atlantic.

• Agree to the toughest standard of all: a common electric plug. First, of course, it might be nice if the Europeans would settle on just one plug to serve all the countries of the EU. Unless the negotiators can get the basics right, there's not much chance for meaningful success on the grand strategy.

BRIAN CARLSON,
Madrid.

Lebanon's Future

The comments made by Moshe Ma'oz ("Toward an Israel-Syria Settlement," *Opinion*, Oct. 11) showed a callous disregard for the future of Lebanon. The world should

be calling for a Syrian withdrawal from Lebanon. Instead, Mr. Ma'oz wants the United States to help the peace process by recognizing "Syria's strategic interests in Lebanon."

To state that Syria has a right to Lebanon is both insulting and immoral. But Mr. Ma'oz seems to think Lebanon a cheap price to pay for peace with Syria.

The world has made the mistake before of buying an ephemeral peace before of buying an ephemeral peace with an aggressor. Let us not make this mistake again. Now is the time to help Lebanon build a democratic political system. Only then can there be a long-lasting, stable peace in the region.

RENEE SANTALO,
Coral Springs, Florida.

Pakistan Statement

Regarding "Paris Suspects Terrorists Trained in South Asia" (Nov. 2):

The story provides the impression that some French youths of Arab origin, recently interrogated in connection with bomb blasts in France, received military training in Pakistan.

We wish to clarify that Pakistan has no terrorist training camps and is committed to international agreements to fight terrorism.

MOHAMMAD WAKEEL MALIK,
Paris.

The writer is press counselor for the Pakistan Embassy.

No Getting Around It: English Is Global Tongue

By the Marqués de Tamarón

MADRID — Linguistic problems are not the least cause of worldwide bewilderment as this century draws to a close. Most of us feel that our own language is an essential part of our national identity, yet at the same time we realize that in the emerging global civilization we need a world language, a sort of *lingua franca*.

Without a world language, plus several regional ones, international relations would succumb to the old

MEANWHILE

curse of Babel. This, of course, has always been the case. Over the centuries, Greek, Latin, Spanish, French, Malay, Swahili and other languages have been used as international instruments for trade, diplomacy or religion. Many of them are still used in that capacity.

But three new elements have complicated the situation. The first is the rise of English to the hitherto nonexistent position of world language. This makes life easier for many people, but it irritates others. Many speakers of less widespread languages feel threatened by English. To use the old political metaphor, it is like sleeping next to an elephant; regardless of its intentions, the sheer size of the animal makes it dangerous.

As to speakers of minority languages, they quite rightly fear the disappearance of their cultural identity. According to Michael Krauss of the Alaska Native Language Center, nine out of ten of the 6,000 languages that still exist in the world will die out within the next century.

This is the second new element in the linguistic situation. Tongues have always evolved, but never has their death rate been even remotely comparable to the present. We worry about the decline of biological diversity, but we also should not forget the risks of a radical linguistic impoverishment of our planet.

The third, more subtle and potentially dangerous novelty is the modern reluctance to accept multilingualism. I am not talking about the fragmentation of a nation-state into different monolingual groups, a highly risky situation. But the multilingual capacity of individuals is a desirable thing, helping soften conflicts. Why shouldn't a Corsican use Corsican in some cases, provided he can and will use French in others? Indeed, why should a Frenchman

feel dishonored using English to sell Camembert to a Japanese?

Historically, such qualms were rare. Two thousand years ago, people of every race and religion used Greek, not their own mother tongue or Latin, within the eastern half of the Roman Empire whenever dealing with people from other nations. Greek was the normal trade language for an Egyptian grain dealer, as it was for a Cypriot wine merchant or a Phrygian marble exporter. Indeed, the Jews often used it in the synagogues of the Diaspora, as Paul did when preaching Christianity.

Such common sense prevailed even after the birth of modern nationalism. The Russian field marshal Barclay de Tolly in 1812 gave the news of the French retreat to the czar in French. In 1940, when Germany and Japan were preparing their alliance against the hated "Anglo-Saxon powers," Ribbentrop and Matsukata negotiated in English.

Nowadays, linguistic rivalry is the third most common cause of conflict, after race and religion, and is often mixed with the other two. It need not be so. Many political fevers would cool if we all accepted certain obvious facts.

The main one is that everyone is right in trying to preserve his or her vernacular tongue, without which one feels deprived of roots and identity. But this should not exclude other languages. Immigrants, to prosper, must learn the language of their new country. Speakers of minor languages will also have to learn a major language to profit from the expanding world economy.

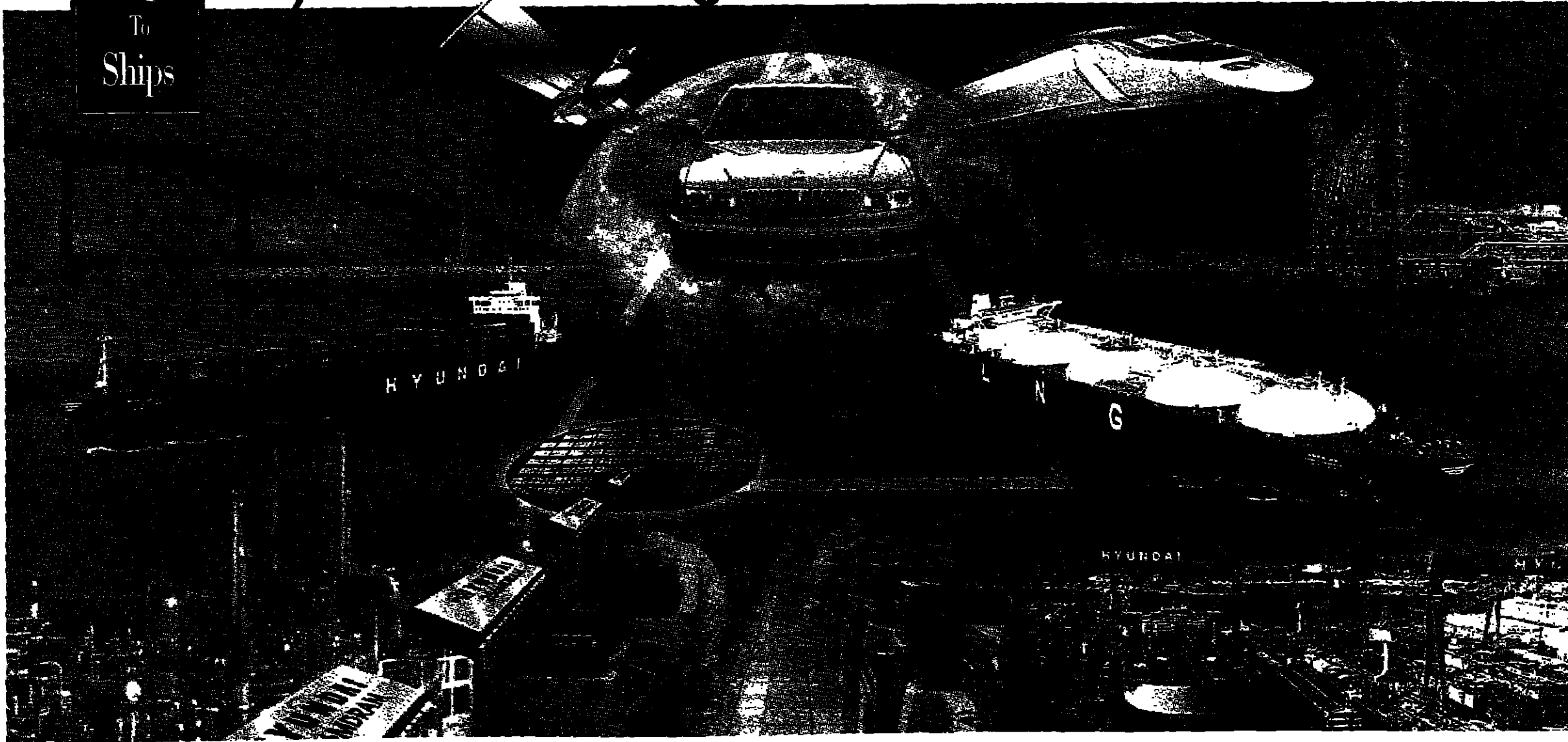
Even speakers of major languages such as Spanish, French and Chinese have an interest in learning English for practical reasons. In fact, native English speakers themselves should start learning that peculiar language known as international English, as Mikie Kiyoi recently exhorted them to do in these pages.

A reasonable approach to language policies and politics requires two more things — a little hard work to learn extra languages and the insouciance to dare to use them clumsily. We either accept the linguistic effort or the impoverishment of standardization. Or else mutual assured incomprehension.

The writer, director of the Instituto de Cuestiones Internacionales y Política Exterior, contributed this comment to the *Herald Tribune*.

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HEALTH/SCIENCE

'Glasses for the Ears' of Dyslexics

By Sandra Blakeslee
New York Times Service

NEW YORK — Scientists have developed a radically different treatment for children with severe language and reading difficulties, one that may have applications for millions of children with dyslexia.

They call it "glasses for the ears." The treatment uses a special form of computer-generated speech in a therapeutic program that is designed to force changes in auditory portions of the children's brains — altering cells that process simple sounds. Just as glasses correct faulty vision, these changes in the auditory cortex sharply improve the children's ability to perceive spoken sounds and to decode written words.

Recent experiments show that after just four weeks of treatment, language-disabled children advanced two full years in their verbal comprehension skills, researchers say. They said the improvements endured after training had stopped. In effect, the children could throw their "glasses" away.

The two scientists spearheading the research, Dr. Paula Tallal of Rutgers University in Newark and Dr. Michael Merzenich of the University of California School of Medicine in San Francisco, said in interviews that they believed that the treatment would help many children and adults with milder forms of language and reading disability — the condition widely known as dyslexia. But Dr. Tallal, who is director of the Center for Molecular and Behavioral Neuroscience at the Newark campus, and Dr. Merzenich, who is a professor of otolaryngology and physiology, cautioned that dyslexia had numerous causes and that not everyone with reading problems would respond to the treatment.

Their new findings, along with the first detailed description of the treatment, have just been submitted for publication in a leading scientific journal. The researchers declined to disclose the precise contents of the journal article. But they have talked about their work at several scientific meetings this year, and presented results Sunday in San Diego at the annual meeting of the Society for Neuroscience.

Dr. Sally Shaywitz, a leading expert on dyslexia at Yale University, heard an oral presentation of the research two weeks ago and said the findings were "tremendously exciting." But, she added, "I am not convinced" that the majority of dyslexic children will be helped by these methods.

"I've seen many things with promise over the years fail to deliver," Dr. Shaywitz said, adding that "while this work sounds credible, we need more experiments" before parents and teachers get their hopes up.

BUT other experts are more optimistic. "I think Paula Tallal and Mike Merzenich's work is just superb," said Dr. Ursula Bellugi, director of the Laboratory for Cognitive Neuroscience at the Salk Institute in San Diego. She said it was possibly the first therapy for dyslexia based on a deeper understanding of the way the brain is organized.

Ten million American children are dyslexic, defined as having great difficulty in reading single words despite normal intelligence and motivation, said Dr. Reid Lyon, director of the dyslexia research program at the National Institute of Child Health and Human Development. The social costs are tremendous. A high percentage of dyslexic children drop out of school and have substance abuse problems. They also tend to have low self-esteem and to have trouble finding jobs. A

third of learning disabled adolescents will be arrested three to five years out of school, he said.

Dr. Tallal is an expert on language impairments in children. Dr. Merzenich is an authority on brain plasticity — how brain cells and cortical maps change in response to experience. The two began collaborating a couple of years ago under a grant from the Charles A. Dana Foundation in New York.

Dr. Tallal's research focuses on children with a condition called specific language impairment. These children do not talk normally by the age of 3 or 4, Dr. Tallal said. They have trouble hearing and generating speech — they might say titty tat for kitty cat — and often cannot follow directions from parents and teachers.

Four in five of these children go on to become severely dyslexic in grade school, Dr. Tallal said. But they are a small subset of the larger population of children with reading problems.

Some language-impaired children appear to speak normally by the age of 5 or 6 but they are faking it, Dr. Tallal said. They get the gist of many sentences but not all the meaning.

Others live in a language fog, she said. "It's like you having a minimal ability in a foreign language and visiting that country," she said. "All day long you struggle."

Boys tend to act out and become aggressive or hyperactive. "If someone spoke mumbo jumbo to you all day long, would you be able to sit still?" she asked.

Then the children hit first grade, Dr. Tallal said. Teachers are under the impression that speech has been learned automatically, before children come to school. And so they teach reading by phonics, featuring the very phonemes that language-impaired children cannot fathom.



Resembling a cave drawing, a previously unknown type of horse has been discovered in a remote region of Tibet.

A Stone Age Horse in Tibet

By Marilee Simons
New York Times Service

PARIS — Deep in Tibet, in a high and icy valley, the explorers came upon the first of the enigmatic creatures. They saw one, and then three of them grazing in the open forest. Soon, to their astonishment, a whole herd of the unusual horses appeared.

"They looked completely archaic, like the horses in prehistoric cave paintings," said Michel Peissel, a French ethnologist and the expedition leader. "We thought it was just a freak, then we saw they were all alike."

A team of French and British explorers, who have just returned from a six-week expedition in Tibet, say they believe they found an ancient breed of horse previously unknown to scientists.

The Riwoche horse, as the explorers have named it after its home region in northeastern Tibet, is nearly four feet (1.2 meters) high, about the size of a pony. Its head is triangular and has the same wedge shape as the zebra or as the vanished horses of European Stone Age drawings. It has a beige coat, bristly mane, black stripe on its back and black lines on its lower legs.

The explorers and other scientists believe that the breed may provide a new piece in the puzzle of equine evolution. Although for

many centuries, horses have been vital to humans in work, transport and warfare, scientists say the tale of how horses developed and diversified is far from complete.

They believe it took perhaps 50 million years for a small browsing animal, less than two feet high, named the Eohippus, to evolve and branch off into rhinos and tapirs as well as into the species that eventually developed into the zebra, ass, donkey and horse.

The modern horse is thought to be five million years old. Cave men hunted it and ate it. Only for the last 3,000 to 5,000 years has the horse been domesticated.

Steven Harrison, a geneticist at the Royal Agricultural College in Cirencester, England, will do DNA tests on the Tibetan horses' blood samples.

"It's very rare to find a big mammal we did not know about," he said. "It will be very interesting to compare the genetic markers to those of other wild horses," he said, like Przewalski's horse, a wild Mongolian breed first recorded about a century ago.

Dr. Ignasi Casas, a veterinarian who was a member of the expedition, said he believed the Riwoche breed may be a "relic population" that lived isolated from others for a very long time and thus preserved its characteristics. "It looks very primitive and very tough," Dr. Casas said. "Horses

in the adjacent areas are very different." Although the animals were roaming free in the Riwoche region, Dr. Casas believes that one explanation for their archaic form is that the 70-mile- (112-kilometer) long valley where they were found is closed off on both sides by passes about 16,000 feet high. "Horses would not roam through those passes easily because at that altitude there is no grass, no food to survive," Dr. Casas said.

DOWN in the valley, which is studded with hamlets of Bon-po people, the pre-Buddhist natives of the region, farmers catch the horses with a lasso when they want to ride them or pack them, said Dr. Casas. They set the horses free until they are needed again.

"We could approach them to about 15 feet, then they moved," he said. Nonetheless, the team caught some of the horses and took the blood samples and filmed them for future studies.

"There is nothing in the literature about this horse," said Dr. Casas, who is associated with the Royal Animal Health Trust, an equine research center and clinic in Newmarket, England. "It's an exciting find because horses have been bred and mixed and traveled all over the world, but this one so far seems unique."

Hair Loss Tied to Heart Disease

By Jane E. Brody
New York Times Service

NEW YORK — It may not be how much hair a man has lost from his head but how fast he lost it that predicts his chances of suffering a heart attack, according to new findings from the landmark Framingham Heart Study.

An earlier finding in men under 55 had linked bald spots on top of their heads with a slight increase in coronary risk, with

the risk rising as the size of the bald pate grew. But this study did not trace hair loss over time.

The new study, published in The American Journal of Epidemiology, recorded the rate at which baldness progressed and followed the men for up to 30 years to determine their risk of developing coronary heart disease.

The extent of baldness was not associated with any form of cardiovascular disease or deaths from heart disease

among the 2,017 men in Framingham, Massachusetts, in whom baldness was evaluated in 1956 and 1962.

But among the 433 men whose degree of baldness was recorded for both years, those who lost their hair most rapidly "showed significantly elevated rates" in subsequent heart disease and cardiovascular deaths when compared with men who experienced no or only slight progression of their baldness from 1956 to 1962.

The research team, headed by Dr. Carlos Herrera of the University of Texas School of Medicine in Houston, pointed out that the new finding did not

mean that baldness was a cause of heart disease. Rather, the researchers suggested that some common factor, like a possible genetic link, a higher testosterone level or a deficiency of nitric oxide, most likely resulted in both rapid hair loss and an increase in coronary risk.

Regardless of the explanation for the association, the finding suggests that men who lose their hair rapidly may be wise to be especially conscientious about controlling their coronary risk factors, like cigarette smoking, high blood cholesterol, high blood pressure, overweight and lack of aerobic exercise.

IN BRIEF

Risk Factors in Breast Cancer

WASHINGTON (AP) — Most U.S. women have at least one of the four breast cancer risks that account for 41 percent of the disease, scientists report.

Doctors have long known certain characteristics such as the age when a woman gives birth are risks for breast cancer, but differ over just how much cancer they cause.

Patricia Madigan of the National Institutes of Health studied 7,508 women to come up with the latest estimate that 90 percent of American women have at least one of the risks cited in 41 percent of the cases. The estimate was reported in the Journal of the National Cancer Institute.

Breast cancer strikes 180,000 women each

year in the United States and kills 46,000. About one woman in nine is expected to have breast cancer at some point.

The risk factors cited exist in about 73,800 of the total cases, the study indicated. Having no children or having the first one after age 19 together accounted for 29.5 percent of those breast cancer cases, a higher income, 18.9 percent, and having a close relative who had the disease, 9.1 percent. Some women had more than one risk. The percentage of higher-income women reflected in part that they were more likely to get checkups.

UN Reports on Biodiversity

NEW YORK (NYT) — Human activities like

farming, logging and commercial fishing are endangering plants, animals and entire ecosystems at much higher rates than ever before in recorded history, according to a report issued by the United Nations Environment Program.

The document, The Global Diversity Assessment (Cambridge University Press, \$44.95), is being described by the United Nations as the first comprehensive report ever on biodiversity.

Among its many findings, the report concludes that species have recently become extinct at 50 to 100 times the average expected natural rate; that only about 13 percent of the 13 million to 14 million species on Earth, have been scientifically identified, and that economic markets continue to underestimate the role biodiversity plays in areas like air and water

quality, global climate and producing higher-yield, pest-resistant crops.

Biosphere 2 Now an Earth Lab

NEW YORK (NYT) — Envisioned as a project to test how humans could live in space, Biosphere 2 is being taken over as a laboratory to study global warming and other changes on Earth.

Columbia University will manage the 3.15-acre (1.25-hectare), \$150 million terrarium in the Arizona desert as a lab and educational center for Earth sciences. The university is not planning more missions like the unsuccessful attempt by eight people to live there two years without access to outside resources.

BOOKS

A CENTURY OF SPIES: Intelligence in the Twentieth Century

By Jeffrey T. Richelson. Oxford University Press. 534 pp. \$30

Reviewed by Russell Warren Howe

BRIDGE

By Alan Truscott

It has been known for years that major figures in the Chinese establishment, from Deng Xiaoping down, are bridge enthusiasts. What was not known was how well they play, but there was some evidence at the recent world championships in Beijing. A British team had a friendly 32-deal match against a Chinese team headed by Ding Guangen, a senior member of the Politburo.

In the diagrammed deal, can South succeed against best defense after the lead of the diamond king? Minister Ding Guangen was playing with his son, Ding Yucheng, and he did succeed in a highly optimistic contract. North's bid was an instruction to bid three no-trump with a diamond stopper, and South obeyed orders with considerable misgivings.

The defense would have prevailed easily after a heart lead, but West misjudged by leading his own suit rather than his partner's. South won with the ace, and could have played spades to develop two tricks in that suit. But East would have held up his ace for a round, and South

would have wound up a trick short. Instead he ran all his clubs, and East had discarding problems. He threw three hearts and then a spade.

South led the spade nine, which won, and then a low spade, a crucial move — to the queen, king and ace. East played a third spade, established a winner, but South won his jack and led a heart. By gently covering West's card he was able to score a heart at the finish and make his contract. Minister Ding had played brilliantly.

Richelson's evaluations are only so-so. Most scholars would now agree that Chamberlain and Daladier were prudent in playing for time with Hitler and that Capitol Hill was then the capital of appeasement. The overstatement of Germany's strength was, as Richelson says, a fault of intelligence — although this is surely a question of degree: In 1940, Germany went through France, Belgium, Holland, Luxembourg, Denmark and Norway as though these countries were a Cecil B. de Mille plywood set.

what, in the jargon, was a raven or a swallow. McCormick was the author of 13 other books on espionage, including the definitive biography of Sir Basil Zerkoff.

Jeffrey Richelson's "A Century of Spies" is the next step in turning file cards into a book, but it's more of a Reader's Digest-ish synopsis than the multivolume treatment that must appear one day. It's a vast but tight panorama of "signals intelligence" from pigeons and semaphore to three-dimensional satellite imagery, and of "human intelligence" — that is, actual spying — from the siege of Troy to Verdun to Tehran.

There are few revelations. An interesting one is that, of the MI6 traitors, Philby, Burgess and Maclean, the latter was "clearly the most potentially valuable" because of his access to U.S. armed forces data and especially to the Atomic Energy Commission "without an escort, a privilege not extended to members of the cabinet or Congress or FBI director J. Edgar Hoover."

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Intelligence shortcomings in not anticipating Pearl Harbor surely sprang mainly from American laziness about learning Japanese (or even easier tongues) and the bizarre failure to employ Japanese Americans in intelligence. A former director of central intelligence, Stanfield Turner, told me a decade ago how a similar failure to employ Arab Americans at Langley had led to excessive dependence on Israeli sources, including "disinfo" going all the way back to the Lavon Affair, and affected by the KGB penetration of the Mossad.

There are synopses of some great spy-war anecdotes: • Oleg Vladimirovich Penkovsky, a much-decorated Red Army full colonel at 21, being denied the KGB Rezidentura (a job equivalent to station chief) in New Delhi at 26 because his father might have been a White Russian officer; Penkovsky turned his coat, was caught, and shot.

• The United States and British intelligence role in overthrowing Mossadegh and restoring the shah of Iran.

• James Jesus Angleton, the director of the CIA's Special Investigation Group, being duped by Anatoli Golitsyn into rejecting all the valuable intelligence passed on by a more reliable turncoat, Yuri Ivanovich Nosenko. (But the then-head of the KGB First Directorate's "S" division — non-diplomatic spies — Major General Vadim Alexievich Kirpichenko, told this reporter in Moscow in 1992 that Angleton was never "one of ours," just a useful idiot; and former DCI William Colby, who fired An-

gleton, is of the same opinion.) • The MI6 rescue from Moscow of Oleg Gordievsky, and the rocambolesque Vitali Yurchenko's comic-opera defection and "redefection."

The spy-in-the-sky revolution pioneered by Leslie Dirks and others — although Richelson includes regrettably little about Soviet satellites. But such a compendious work should have put espionage into context. If the American establishment American media have tended to fuse the Fourth Estate with the First, a serious historian cannot be too neutral. Nationality is usually an accident of birth, but the law requires that one bear fealty to the card one draws from one's mother's womb. The spy for his own country is as deserving of respect as the diplomat or the foreign correspondent.

Spying against one's country is white-collar crime, even if, like bad car design, it sometimes causes deaths. It is unconscionable to give spies longer sentences than hoodlums. One can distinguish between the "venals" like Ames and Pollard and the Walkers

and the Russian "defectors" (whom a former director of central intelligence, Richard Helms, once described to me as "all scumbags") and idealists like Philby and the Rosenbergs.

As could be expected in such a short book (431 pages, plus notes and indices), Richelson makes some mistakes, which are perhaps attributable to dependence on single sources. And there are plenty of "star" omissions: In World War I, Georges Ladoux, Antoine Goubet, Sir Basil Thomson. There is the Pueblo case, but nothing on the Liberty. There is nothing about the Congress for Cultural Freedom and its worldwide features service and magazines, from Encounter on down, published by the CIA.

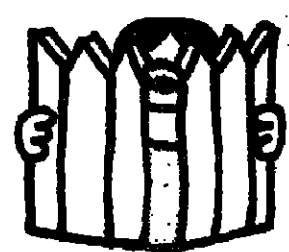
Russell Warren Howe's 17 books include "Mata Hari, The True Story" and "Sleeping With The FBI: The Saga of an American Counterspy Who Couldn't." He wrote this review for The Washington Post.

WHAT THEY'RE READING

• Jennifer Tsao, production assistant for the MTV Radio Network, is reading "The Worldly Philosophers: The Lives, Times and Ideas of the Great Economic Thinkers" by Robert L. Heilbroner.

"I can be sure no one will bother me at lunch with my nose buried in it."

(Maria Sanniniatelli, IHT)



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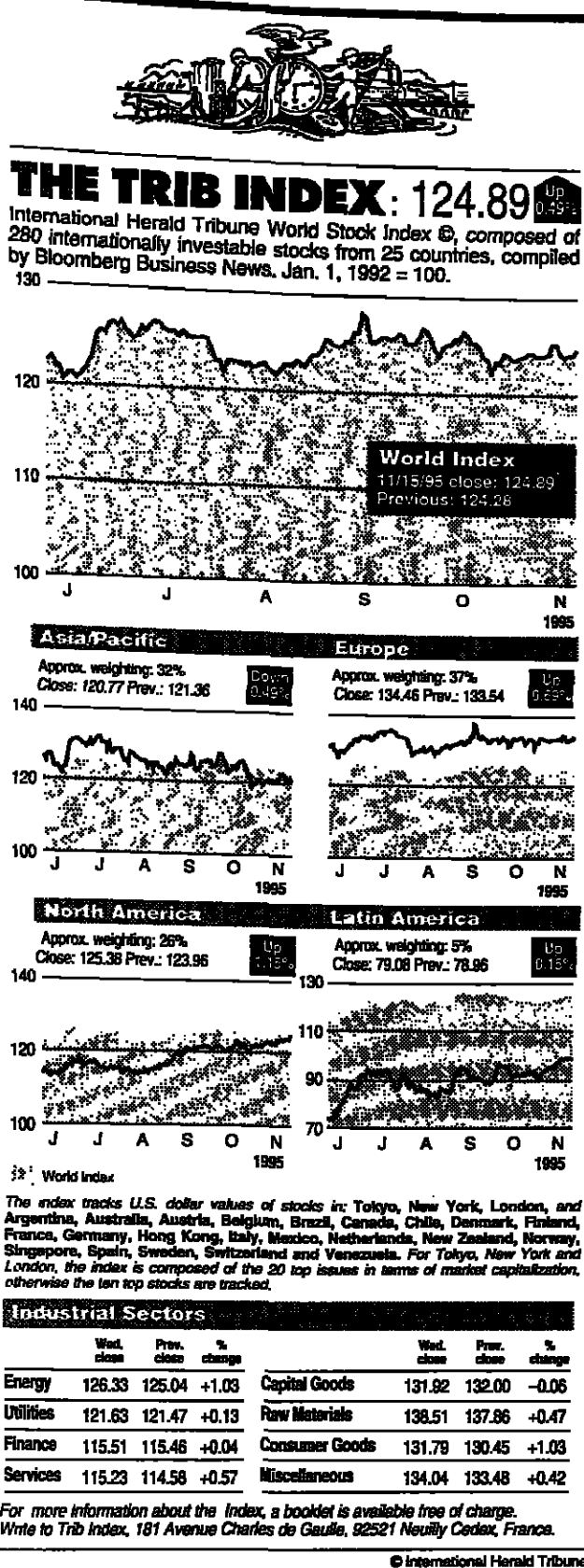
It seems then, that our pages are the perfect place for you to decide where to start spending some of it. (Our regular Leisure section, perhaps?)

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* Reader Surveys '94.

THE WORLD'S DAILY NEWSPAPER



Japan Mired in Slowdown

Data Cast Doubt On a Recovery

Bloomberg Business News
TOKYO — Three key economic indicators released Wednesday showed that Japan's factories were using less equipment, steel production had its biggest decline in more than a year and sales at Tokyo-area department stores fell for the 44th consecutive month.

Those reports, coupled with the confirmation that industrial production in September declined for the fifth time in six months, cast even more doubt on the prospect of an early recovery for Japan.

"It looks like a recovery is being pushed further into the future," said Kyohji Morita, an economist at Nomura Research Institute.

Overall, Japan's growth is likely to remain stagnant until the first quarter of next year, when the government's 14.2 trillion yen (\$139.69 billion) spending package of public works and loans starts to take effect, economists said.

A decline in steel and overall industrial production was attributed to the rise in inventories. Industrialists and economists said. Manufacturers are cutting output to work off stock that has accumulated. Car makers and pharmaceutical companies had the biggest declines in production in September, the report showed. Car makers have been cutting back on exports because of the slowdown in the U.S. car market, and many companies are shifting production abroad to escape the strong yen.

Manufacturers' inventories rose 0.7 percent from August, the government said, and an industry group said steel output fell 7.1 percent on the year.

Paris Contrives a Cut

Minibudget Robs Pierre to Pay Paul

Special to the International Herald Tribune
PARIS — Only six weeks from the end of the year, the new French government approved Wednesday a minibudget that in effect shifted money from one pocket to another to allow it to meet the deficit target necessary to stay on the path toward European monetary union.

Finance Minister Jean Arthuis said that with the asset shift and 20 billion francs (\$4.09 billion) in budget cuts "the deficit for 1995 will be held to less than 322 billion francs."

But economists warned that the complicated maneuver might not pass muster by financial markets and European Union authorities.

To compensate for a revenue shortfall, the government said it would require ministries to come up with 20 billion francs in savings before year-end and would receive 15 billion francs from the state-owned Caisse des Dépôts & Consignations.

The investment body provides state financing for public housing and small businesses.

The Caisse des Dépôts will give the state the 15 billion francs in exchange for the right to operate a public housing fund that has loans outstanding to the state.

Analysts said the operation did nothing to bring France's deficits under control but merely moved government funds from one account to the other.

"It's a bit disappointing," said Paul Hammett of Paribas Capital Markets. Taking from the Caisse des Dépôts, he said, "does not resolve the problem of the deficit, as it neither cuts spending nor does it increase revenue."

In addition, analysts warned that the revised 1995 deficit might not be attainable, as it is predicated on a growth rate of 2.9 percent, down from the 3.3 percent projected in March but still well above the slightly more than 2.5 percent predicted by analysts.

Analysts also warned that the 15 billion francs from the Caisse might not be counted as revenue, according to European Commission rules, and could be added to the 1995 deficit.

The asset switch comes despite a warning by the president of the commission supervising the Caisse, Jean-Pierre Delandade.

Mr. Delandade said over the summer that governments should stop depleting the body's funds. He warned that the siphoning of cash had driven some of the Caisse's reserve funds below the prudential limit of 2 percent of assets.

The latest siphoning is designed to rein in the deficit to allow France to meet the Maastricht treaty criteria for participation in a single European currency. EU countries must have a budget deficit of less than 3 percent of gross domestic product by 1997.

France has indicated that it will strive to reduce its deficit to 5 percent of GDP in 1995 and 4 percent in 1996.

Mr. Arthuis said the government would have a 1995 budget deficit of 321.6 billion francs, slightly less than the 5 percent target.

— MAX BERLEY

Euro Disney Posts Profit, but Market Wishes for More

By Max Berley
Special to the Herald Tribune

PARIS — After three years of losses, Euro Disney SCA posted its first annual net profit Wednesday, aided by a freeze on debt payments, fees and royalties.

But investors decided it was a small profit, and they sent the stock plunging 14 percent.

Euro Disney shares closed at 14.20 francs (\$2.90) on the Paris Bourse, on pessimism that the company could overcome its 15 billion-franc debt burden and show sustained growth.

Euro Disney, which runs the Disneyland Paris theme park, announced a net profit of 114 million francs for the year ended Sept. 30, reversing a loss of 1.8 billion a year earlier.

Revenue rose 12 percent, to 4.6 billion francs.

Chairman Philippe Bourguignon said most of the net profit had been generated by an exceptional gain of 112 million francs from the repurchase by the company of its convertible bonds. He said it did not reflect the future good financial health of the company.

"The figures weren't awful, but people had been buying the stock for the last two weeks hoping for more," a trader with Credit Lyonnais Securities told Bloomberg Business News.

Net income estimates had averaged 150 million francs.

"We have gone from negative spiral growth one year earlier than planned," Mr. Bourguignon said, calling the results a "recovery."

But many analysts said they did not believe the gain would be sustainable because the park may be near a peak in its attendance levels, may not be able to cut costs further and will be hampered by increasing interest payments on its debt.

After the theme park showed a net loss of 5.3 billion francs for 1992-93, Walt Disney Co. and Euro Disney's creditor banks in 1994 devised a bailout plan that included a 6 billion franc rights issue and cut the company's 20 billion francs of debt in half.

Mr. Bourguignon said Wednesday the company would have to improve sales by 4.5 percent to 5 percent a year to be able to meet its debt payments, a goal that analysts say could be attained in 1996 but probably not beyond.

"They will reach saturation level in terms of attendance next year," an analyst in London said. "There really isn't any more room for them to cut costs. It's hard to see where the growth is going to come from."

Mr. Bourguignon attributed the swing to profit for 1995 to a "significant" increase in park and hotel revenue, cost control and debt relief from the financial restructuring undertaken in 1994.

But analysts attributed the good news to the one-time exceptional profit from the repurchase of the bonds, which allowed it to retire 372 million francs of outstanding debt at a market cost of 311 million francs.

■ **Ovitz Takes Stock**
Walt Disney said it had awarded President Michael S. Ovitz options to purchase 5 million shares of Disney common stock through seven years in a package one top executive pay consultant estimated could be worth about \$110 million, the Los Angeles Times reported.

The details, in a U.S. Securities and Exchange Commission filing by DC Holco Inc., a company formed for the pending merger of Disney and Capital Cities/ABC, provide the first look at what it took to lure the former agent to the company.

Fed Stands Pat on U.S. Rates

By Lawrence Malkin
International Herald Tribune

NEW YORK — In the last major U.S. statistic to be released until the resolution of the budget battle recalls federal workers, the government Wednesday reported a slowing economy with only a blip in inflation.

The combination kept the Federal Open Market Committee from deciding to change interest rates at its regular meeting. The policy-making arm of the Federal Reserve pointedly kept the central bank out of the impasse between the White House and Congress at a time the economic outlook was uncertain anyway.

The committee adjourned leaving the federal funds rate unchanged at 5 1/4 percent. It meets next on Dec. 19, when Wall Street expects consumers to have clarified the outlook for the economy by their Christmas buying patterns and the political

impasse to have ended with a plan to eventually eliminate the federal budget deficit.

"The major negative in the economy is the budget impasse," said Allen Sinar, chief economist for Lehman Brothers Inc. "The economy is on the soft side at the moment, but if the consumer revives during the Christmas season under the impetus of lower prices, that will keep the economy from caving in the last quarter of the year, and then I would not expect the Fed to ease in December."

On Wednesday, the Bureau of Labor Statistics said the consumer price index rose 0.3 percent in October, the largest rise in five months. Even with the latest figure, inflation for the past 12 months is running at 2.8 percent.

The Fed's own index of industrial production fell 0.3 percent in October, the first decline since April, when it fell 0.6 percent in an inventory correction after last winter's gains.

INTERNATIONAL MANAGER

Discounters Mismanaged Into Oblivion

By Jennifer Steinhauer
New York Times Service

MOREGAN LAKE, New York — Leaning against her shopping cart, surrounded by bright orange going-out-of-business signs, Maryann Dickman gave her eulogy for the Jamestown discount store here.

"I liked it here once," she said. "But everything's changed. There's no selection, they haven't kept it up at all, and the quality isn't good. Wal-Mart is a half hour away, and Jamestown is five minutes, but I would rather go to Wal-Mart. I just like it. Even my husband finds it better."

Jamestown, the 24-year-old company that was until recently one of America's largest regional discount chains is now unloading the simulated-wood desks in its corporate offices to the economy perches of toilet tissue and the racks they are stocked on in its 90 stores.

Jamestown is just the latest and worst example of what has happened in the past few years to nearly every discount store in the Northeastern U.S., the birthplace of regional discounting. Each of the largest chains

U.S. Retailers Struggle

WASHINGTON — The fierce competition that has kept American consumers awash in bargains has taken a heavy toll on retailers, new industry and government figures show.

Wal-Mart Stores Inc., the largest U.S. retail chain, had a modest rise in third-quarter profit, but Dayton Hudson Corp., J.C. Penney Co. and Woolworth Corp. posted declines.

In another dispiriting sign for holiday-season sales, the Commerce Department reported that nonautomotive retail sales in October fell 0.5 percent, the sharpest decline since February.

"We're losing steam on the consumer side," said Bob Buchanan of NatWest Securities in New York. "It's down, heading into the most important period of the year."

High consumer debt and lagging incomes are leaving little room for splurging on gifts, while the aging of the baby-boom generation — its oldest members turn 50 next year — has meant less spending on the stylish products of youth.

A new Johnson Redbook Service survey, however, suggests that cold weather may have brought consumers back to stores; it reported that sales climbed 2.2 percent in the two weeks ended Saturday, compared with the like period in October.

Bradleys, Ames, Caldor and Hills — has filed for Chapter 11 bankruptcy-law protection at some point, and it is almost certain that at least one of them will join Jamestown in the retailing graveyard.

The conventional wisdom is that Wal-Mart Stores Inc., the discount giant that has plodded its way into the region in recent years, has consumed its competitors' market share. Much of the remainder was lapped up by Kmart Corp., which won over shoppers with price cuts that grew deeper as its own fortunes faltered, and by "category killer" specialty stores such as Bed, Bath & Beyond and the Sports Authority.

But in fact, regional discount chains have also shared a myriad of other problems: dingy

stores, mediocre customer service and strategic errors such as the relentless accumulation of more stores in the late 1980s with money that would have been better spent on inventory and distribution systems and a seeming inability to reshuffle merchandise to better serve rapidly evolving consumer preferences.

A look at Jamestown, which sought Chapter 11 protection twice before finally failing this month, reveals a company that was a victim of poor retail conditions, bad management and perhaps a touch of hubris — characteristics also shared by all its ailing competitors.

"There are so many factors in place with the failure of discount stores," said Peter Schaeffer of Dillon Read. "You can't just say anymore, 'Oh, it will turn around,' because I don't think it can."

Kevin Kulinski, vice president of operations at Jamestown, said Christmas 1990 was a moment he now could view as the turning point for the company.

The U.S. economy was in disarray, unemployment was growing, and Jamestown's previous business decisions were

Shell Affirms Plan On Nigerian Gas

By Erik Ipsen
International Herald Tribune

LONDON — Royal Dutch/Shell Group shrugged off a strengthening chorus of international protest Wednesday and reaffirmed plans to proceed with a massive new natural-gas plant in Nigeria at a meeting of the project's board in Lagos.

"We remain firm in our commitment to this project," said Hans den Breems, a Shell spokesman in London, who said a final decision on the project was not expected until next month.

While Shell and its three partners in the planned \$3.8 billion natural-gas plant, including the Nigerian state oil company, met in Nigeria, environmental and human rights groups around the world mapped plans for further protests against the project.

"Shell is the main culprit," said Clive Bates, a campaigner for Greenpeace, the environmental group, noting the company's status as Nigeria's largest foreign investor. "We think they should pull out."

To bring that point home, Greenpeace pledges it will stage protests at Shell service stations in as many as 30 countries beginning Saturday. Such tactics succeeded in June in preventing Shell from disposing of the Brent Spar oil storage platform at sea, a move that protesters said would have damaged marine environments.

This time, however, the stakes are far larger and the sanctions being sought are thus more open to debate. Many world leaders have expressed outrage over Friday's execution of Ken Saro-Wiwa and eight other Nigerian dissidents but have nonetheless warned of the possible dangers of mounting an oil embargo against the country such as that still in place against Iraq.

"The trick is to arrive at measures which hurt the Nigerian regime but not the Nigerian people," a spokesman for the British Foreign Office said.

To that end, Britain, far from calling for broad economic sanctions, has said Shell must "decide for itself" whether to push on with the new natural-gas plant, in which it will hold a 24 percent stake.

Instead, the Foreign Office has pressed for the European Union to impose on Lagos a total arms embargo. Jack

Olivetti Forges Link With France Telecom

Bloomberg Business News

MILAN — Olivetti SpA and France Telecom said Wednesday they had joined forces with Bell Atlantic International to challenge Italy's state-controlled telephone monopoly when the market is deregulated in 1998.

"Italy is a key market in Europe. For that reason a major alliance has been born with important companies," said Michel Bon, president of France Telecom.

The announcement came a day before Olivetti was to start a 2.3 trillion lira (\$1.4 billion) share offering to finance its move into telecommunications ventures and cover losses from personal computers. Olivetti has not posted a profit since 1990.

Deutsche Telekom and Sprint Corp., already partners with France Telecom in global alliances called Atlas and Phoenix, plan to join the venture later, an Olivetti executive said.

"The idea is get easy access to the Italian market before deregulation starts to kick in," a France Telecom spokeswoman said. The partners will invest about 600 million French francs (\$123 million) in the venture over the next two years, and investments will rise in subsequent years, she said.

France Telecom will own 49 percent of the company, which will be set up in the next few months.

The other 51 percent will be held by Infostrada SpA, which was set up in April and is owned 67 percent by Olivetti and 33 percent by the unit of Philadelphia-based Bell Atlantic Corp.

Olivetti and Bell also are controlling shareholders in Omnitel, which is setting up a cellular-phone service to compete with Telecom Italia Mobile SpA. Service is to begin early next month.

The new venture will initially address the needs of business customers looking for ways to manage their voice, data and, later, video traffic. It will continue to be called Infostrada until a new name is decided upon.

CURRENCY & INTEREST RATES

Cross Rates									
	USD	DEM	GBP	JPY	CHF	HKD	SGD	THB	PHP
Amsterdam	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
Brussels	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
Frankfurt	1.411	2.167	1.167	150.00	1.250	7.000	1.250	19.00	19.00
London (a)	1.505	2.300	1.250	160.00	1.300	7.500	1.300	20.00	20.00
Madrid	168.02	263.07	132.05	16,371	1,307	1,000	1,000	1,000	1,000
Mexico	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
New York (b)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Paris	1.350	2.100	1.150	155.00	1.300	7.250	1.250	20.00	20.00
Tokyo	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
Zurich	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
1 USD	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1 SDR	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00

Eurocurrency Deposits									
	1 month	3 months	6 months	9 months	12 months	18 months	24 months	36 months	48 months
London	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Frankfurt	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Paris	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Zurich	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Amsterdam	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Brussels	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Madrid	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Mexico	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
New York (b)	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Paris	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Tokyo	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Zurich	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
1 USD	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
1 SDR	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

Key Money Rates									
	USD	DEM	GBP	JPY	CHF	HKD	SGD	THB	PHP
Amsterdam	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
Brussels	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
Frankfurt	1.411	2.167	1.167	150.00	1.250	7.000	1.250	19.00	19.00
London (a)	1.505	2.300	1.250	160.00	1.300	7.500	1.300	20.00	20.00
Madrid	168.02	263.07	132.05	16,371	1,307	1,000	1,000	1,000	1,000
Mexico	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
New York (b)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
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Zurich	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00
1 USD	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
1 SDR	1.570	2.440	1.280	163.00	1.360	7.750	1.350	21.00	21.00

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THE AMERICAS

Novell Stages Its 'Smart Networks'

By Mitchell Martin
International Herald Tribune

LAS VEGAS — Fighting tragedy with comedy, Robert J. Frankenberg took to the stage Wednesday with the actor Dennis Miller to give a lighthearted look at his embattled company's strategy of linking all kinds of electronic devices to computer networks.

Making the last of three major speeches to the Comdex computer trade show, Mr. Frankenberg, chairman of Novell Inc., spoke of using Novell's programs to manage information flowing over the Internet and private networks in the same way that telephone calls now pass from local systems to long-distance carriers, crossing through public and private networks.

Mr. Miller, who recently appeared in a movie about the Internet, began with a mock news broadcast in the style of his old "Saturday Night Live" role, with such items as a bank of slot machines described

as the Las Vegas version of "high-impact aerobics."

Among several unflattering references to Microsoft Corp., Mr. Miller commented on a doctored photograph of his chairman, Bill Gates, depicted as a cyborg from the "Star Trek Next Generation" television series. "Half human?" said Mr. Miller. "That's 25 percent more than I thought."

The digs at Microsoft were understandable from Novell, which tried but failed to expand into areas that Microsoft dominates, such as business programs and operating systems, and has refocused its attention on its core networking business. Novell is aiming to create what it calls smart networks that could be tapped by people anywhere.

"I don't have to carry my computer because the network is the computer," Mr. Frankenberg said.

This view is close to the one voiced Monday by Louis V. Gerstner, chairman of International Business Machines Corp.,

and one that is supported by the database company Oracle Corp. and the workstation maker Sun Microsystems Inc.

Microsoft, by contrast, is betting that computing power will remain on personal computers.

Mr. Frankenberg demonstrated to Mr. Miller Novell's plans to link global networks so that any device with "minimal intelligence" could be placed on line and controlled remotely.

This would include such applications as a home security system that could alert its owner to a break-in and send video images to verify whether the burglar had fled.

There are, he said, 20 times as many microprocessors in noncomputing devices as there are in personal computers, and they could not all be efficiently controlled by one kind of operating systems, such as Microsoft's Windows.

"Imagine a car controlled by Windows," he said. "General protection faults and rebooting take on a whole new meaning."

Profit Hopes Take Dow to Record High

Compiled by Our Staff From Dispatches

NEW YORK — Stock prices soared to a record Wednesday, as computer-guided buying orders of consumer goods makers post steadily increasing profits in coming quarters.

"People want to buy the stable growers, and they're willing to pay just about any price for them now," said Phil Schettewi, money manager at

U.S. STOCKS

Loomis Sayles & Co. Shares of consumer-product companies traditionally have steady earnings, even when the economy slows.

The Dow Jones industrial average climbed 50.94 points, to 4,922.75, breaking through the 4,900 mark for the first time. Advancing issues outpaced decliners by an 11-to-10 ratio on the New York Stock Exchange.

"Everyone keeps saying 5,000 by the end of the year and I don't disagree with it," said Kenneth Ducey, director of trading at B.T. Brokerage.

Shares of Procter & Gamble, whose products range from toothpaste to laundry detergent, jumped 3%, to \$64. Philip Morris reached an all-time high of \$94.91.

Johnson & Johnson rose 3%, to \$57. And American Home Products rallied 1% to \$96.

The stock rally came after the Federal Reserve Committee, the central bank's policy arm, left U.S. interest rates unchanged at its meeting.

A rate cut would have helped the economy and given earnings of economically sensitive companies a boost.

The benchmark 30-year Treasury bond fell about 3/32, to 107 25/32, for a yield of 6.29 percent, unchanged from Tuesday.

Expectations that the economy would grow at a slow pace prompted the exodus to consumer-product companies, money managers said.

"The market is trying to move to consumer, defensive

stocks," said John Niedenberger, money manager at Advanced Investment Management.

Companies that make newsprint and containerboard were the biggest decliners as investors grew concerned companies were expanding production so much it would cause an oversupply.

Champion International fell 1 1/2%, to 45 1/2. International Paper fell 1/4, to 34 1/2. Georgia-Pacific fell 2 1/2%, to 73 1/2.

"We're seeing more capacity increases, which will lead to price competition" and potentially weaker earnings, said John Niedenberger, money manager at Advanced Investment Management in Pittsburgh.

AT&T shares jumped 1 1/4, to 64 1/4, after the long-distance phone company offered buyout packages to almost a quarter of its work force to cut its payroll costs.

In the technology sector, Tandem Technology rose 1 1/4, to 11 1/4. The stock rose for the second day after Hambrecht & Quist started coverage with a "buy" rating.

Boston Technology fell 3 1/8, to 10 1/8. The company posted a third-quarter loss of 14 cents a share, reversing a net gain of 14 cents a year earlier, after guiding analysts to an estimate of 15 cents profit.

The company, which makes network-based voice-processing systems for telephone companies, blamed a "significant shortfall in revenues and earnings" on inability to close on certain orders and "weakness with a significant customer," which analysts speculated was Bell Atlantic.

In other technology issues, Micron Technologies was the most active issue on the NYSE, but it closed unchanged at \$67.

Omni Multimedia rose 5/16, to 8, after second-quarter earnings were 10 cents a share, reversing a loss of 8 cents a share a year earlier. (Bloomberg, AP)

Mexico Gets Budget and Some Optimism

Los Angeles Times

MEXICO CITY — Juggling recession, inflation, devaluation and despair, President Ernesto Zedillo's government has presented a balanced \$70 billion 1996 budget to the Mexican Congress that he promised will break one of the country's worst economic crises in modern history.

Mr. Zedillo's finance secretary, Guillermo Ortiz, predicted Tuesday in his budget address to Congress that the economy would grow 3 percent next year. Inflation, he said, would run at 20 percent, and the volatile peso would continue to float freely on international markets, averaging 7.7 pe-

so to the dollar. He also predicted that at least \$5 billion in foreign investment would return to Mexico next year.

Mr. Ortiz conceded that 1995 has been an economic disaster for Mexico and its 90 million residents. He said it was a year the government was on the brink of "total insolvency," and many families and small businesses had been ruined. By the end of this year, he said, the country's economy will have shrunk 6 percent, and inflation will top 50 percent; wages will have risen an average of just 16 percent and more than 1 million Mexicans will have lost their jobs.

But he and Mr. Zedillo said that Mexico was on the mend, citing their projections and the harsh austerity measures of the past nine months that they said had built a solid foundation under the economy.

But financial markets and most independent analysts reacted to the budget package with clear skepticism.

"The figures are not realistic," said Emilio Zebadua, an economics and political science professor at Mexico City's Colegio de Mexico. "We're already anticipating inflation higher than 20 percent. Companies are programming a minimum of 30 percent inflation for next year."

Dollar Drops on Washington Deadlock

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell Wednesday on concern that the U.S. budget impasse might last for weeks and hurt confidence in U.S. assets.

The currency made a partial rebound after Federal Reserve policymakers left interest rates unchanged at the close of their meeting and as U.S. stocks surged. But the budget impasse remained at the forefront of the currency market.

"There has been no progress in this conflict, and until you get some, the pressure on the dollar will remain," said Paul

Farrell, vice president for trading at Chase Manhattan Bank.

The dollar fell to 1.4079 Deutsche marks from 1.4135 DM Tuesday and to 101.520 yen from 101.650 yen. It fell to 85.55

House officials and congressional leaders on an emergency spending bill at a standstill, the shutdown could extend through the week, at least.

The danger is that a protracted budget standoff could result in a compromise package that does not contain the spending cuts that international investors are hoping to see, analysts said.

"In terms of political confidence and stability, it tells the world that this is not the place to invest," said Jeffrey Yu, senior currency dealer at Sanwa Bank in New York. (Bloomberg, Reuters)

FOREIGN EXCHANGE

French francs from 4.8810 francs and to 1.1385 Swiss francs from 1.1412 francs. The pound rose to \$1.5605 from \$1.5599.

President Bill Clinton ordered a temporary shutdown of some government services Tuesday. With talks between White

WORLD STOCK MARKETS

Wednesday, Nov. 15

Prices in local currencies.

Telecom

High Low Close Prev.

Frankfurt

High Low Close Prev.

Amsterdam

High Low Close Prev.

Bangkok

High Low Close Prev.

Bomaboy

High Low Close Prev.

Brussels

High Low Close Prev.

Copenhagen

High Low Close Prev.

Dallas

High Low Close Prev.

Hong Kong

High Low Close Prev.

Helsinki

High Low Close Prev.

London

High Low Close Prev.

Madrid

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Manila

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Mexico

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Milan

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Moscow

High Low Close Prev.

New York

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Osaka

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Paris

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Singapore

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Stockholm

High Low Close Prev.

Sydney

High Low Close Prev.

Taipei

High Low Close Prev.

Tel Aviv

High Low Close Prev.

Tokyo

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Toronto

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Zurich

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Amsterdam

High Low Close Prev.

Brussels

High Low Close Prev.

Copenhagen

High Low Close Prev.

Dallas

High Low Close Prev.

EUROPE

Eurotunnel Sales Surge in Quarter, But Woes Persist

PARIS—Eurotunnel, which operates the Channel Tunnel between Britain and France, said Wednesday its revenue rose to 637.7 million francs (\$130.4 million) in the third quarter from 32.8 million francs in the year-ago period.

The sales were just short of the company's target for the period of 640 million francs. Expressed in British pounds, sales rose to £81.3 million (\$127 million) from about £4 million a year ago. The company said the two figures differed because they were calculated at different times using different exchange rates.

Eurotunnel said the 1994 figures were not strictly comparable with those from 1995 because of the gradual build-up of services through the tunnel since its opening in the second quarter of 1994.

Eurotunnel units — the equivalent of one share in Eurotunnel SA and one in its British sister company — closed at 7.75 francs on the Paris Bourse, up 15 centimes, and at 97 pence on the London Stock Exchange, up 1.

Eurotunnel, which celebrated its first anniversary Tuesday, is involved in a test of wills with its bankers over restructuring its debt. It hopes to reach an agreement in January to avert a threat of insolvency.

In the first half of the year,

the company posted a loss of 3.66 billion francs. When it released those results it predicted that sales for the full year would be 2.76 billion francs, which was 45 percent below its earlier forecast.

For the first nine months, Eurotunnel's sales rose to 1.44 billion francs from 52.2 million francs. In pounds, sales rose to £185.8 million from £6.3 million.

Last week, the company announced a slight reduction in fares in French francs and a slight increase in pound prices. But many analysts have said Eurotunnel needs to slash its prices further to undercut competition from ferry companies.

Eurotunnel also plans to increase the capacity of its shuttle service for cars by 60 percent. The company said it already holds 39 percent of the market for cross-channel car traffic.

Also on Wednesday, Britain's Transport Department said a contractor to build a high-speed rail link between the Channel Tunnel and London would be chosen by the end of the year.

The rail link, which is several years behind schedule, will cut the journey for Eurostar trains between London and Paris and Brussels by half an hour. It is expected to open at the earliest by 2002. It will include a new terminus at St. Pancras station in London.

(AP, AFP, Bloomberg)

A Fortune for Filmmakers

EU Body Outlines Loan Guarantee Fund

BRUSSELS — The European Commission proposed Wednesday that the European Union set up a guarantee fund of 200 million European Currency Units (\$264.4 million) that could generate more than \$1 billion in loans to help filmmakers compete against Hollywood.

Commissioners Marcelino Oreja and Yves-Thibault de Silguy unveiled the planned fund, which would subsidize production costs for movies made for both cinema and television.

Under the plan, 90 million ECUs of the fund would come directly from the EU, with the remainder coming from public and private sources.

Mr. de Silguy said the 200 ECUs should result in loans of 1 billion ECUs.

"The proposed fund will act as an insurer, offering banks and other financial institutions partial guarantees on loans and credit they make available to film and program makers," the commission said, adding that the action "will encourage the financial sector to step up the scale of its activities" to support the industry.

The commission has long said that a lack of investment support is one of the main problems facing the European film industry as it competes with American producers.

The proposal would complement other EU attempts to bolster the film industry against an onslaught of American movies, including its limits on television broadcasts of imported programs.

The culture ministers of EU nations are to debate Monday the future of those restrictions, which require broadcasters to devote a majority of screen time to European productions "where practicable."

Mr. de Silguy called the proposed guarantee fund a "new form of financial engineering" that would respond to market needs.

"This is not a new support mechanism," he said. "This is a guarantee mechanism that aims to reduce the banking risk so that the audiovisual sector can have easy access to financing."

The proposal calls for the fund to be managed by the Luxembourg-based European Investment Fund, which was established last year.

The fund will be paid for the risks it covers, avoiding any distortion of competition, it said.

(Bloomberg, AFP, AP)

Britain to Ease Media-Owners Rules

LONDON — The government plans to introduce legislation to allow greater cross-ownership among media companies in newspapers, television and radio stations.

The government announced the move in Queen Elizabeth II's annual speech opening the new session of Parliament. The queen's speech, prepared by the government, sets out the legislative program for the coming year.

Two of the bills aim to allow more efficient use of broadcasting frequencies for television and radio and to restrict restrictions on the ownership by media companies of newspapers and television and radio stations.

Current legislation has drawn fire for allowing News Corp., the Australian company controlled by Rupert Murdoch, to dominate Britain's commercial media.

Under the plan, the company's News International unit will probably have to sell some of its newspaper interests, which include The Times and The Sun, if it wants to increase its television presence.

Details of the legislation will be published in the next few days.

The main proposal on digital broadcasting seeks to provide for at least 18 digital TV channels and to secure a place in the digital future for existing public-service broadcasters.

Ericsson Links Up To Profit as Orders Rise

STOCKHOLM — LM Ericsson AB posted higher-than-expected third-quarter profit Wednesday on strong growth in orders and net sales in its radio-communications business.

Net profit rose 34 percent to 1.09 billion kronor (\$163.7 million). Sales jumped 31 percent to 23.67 billion kronor.

For the first nine months, net profit climbed 46 percent, to 3.32 billion kronor, on sales of 66.9 billion kronor. Nine-month pretax profit rose 38 percent to 4.81 billion kronor.

The outlook for the rest of the year is good, Lars Ramqvist, chief executive, said.

"I foresee that pretax income will continue to develop favorably during 1995, in agreement with prior forecasts," Mr. Ramqvist said.

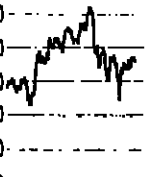
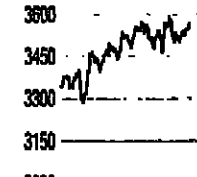
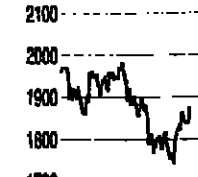
Order bookings jumped 31 percent in the nine-month period to 78.55 billion kronor because of improvement in the radio communications business area, which includes mobile-telephone operations.

The business area posted a 60 percent increase in order bookings, Ericsson said. The radio communication division posted a 42 percent rise in sales, to 37.36 billion kronor.

It said the strongest rise was in mobile telephones, where the company said it "clearly increased its market share."

The United States remains the business area's largest market, Ericsson said, and accounts for 11 percent of sales.

(Reuters, Bloomberg, AFP)

Investor's Europe					
Frankfurt DAX		London FTSE 100 Index	Paris CAC 40		
					
1900	J J A S O N	3000	J J A S O N	1700	J J A S O N
1995		1995		1996	
Exchange	Index	Wednesday Close	Prev. Close	% Change	
Amsterdam	EOE	458.01	458.82	+0.04	
Brussels	Stock Exchange	7,818.68	7,792.79	+0.33	
Frankfurt	DAX	2,186.17	2,187.29	-0.51	
Copenhagen	Stock Market	354.52	356.56	-0.57	
Helsinki	HEX General	1,671.98	1,671.59	+0.02	
Oсло	OBX	391.31	393.86	-0.65	
London	FTSE 100	3,571.40	3,547.90	+0.66	
Madrid	Stock Exchange	298.52	298.35	-0.28	
Milano	MBTEL	9,055.00	9,006.00	+0.54	
Paris	CAC 40	1,875.18	1,838.21	+2.01	
Stockholm	SX 16	1,844.43	1,822.54	+1.20	
Vienna	ATX	902.18	907.26	-0.56	
Zurich	SPI	2,016.15	2,023.30	-0.26	

Source: *Telekurs*
European and Monthly Technical

12 Month						52					
High	Low	Stock	Div	Yld	PE	100s	High	Low	Loes	CTY	'90
20 1/2	17 1/2	Morgan		5	59	17 1/2	14 1/2	14 1/2	14 1/2	—	—
12 1/2	9 1/2	Morgan		—	—	100	—	—	—	—	—

[illegible]

Dr	Yr	Pt	High	Low	Left	Right	Dr	Yr	Pt	High	Low	Left	Right
1	1991	1	1	1	1	1	1	1991	1	1	1	1	1
2	1992	2	2	2	2	2	2	1992	2	2	2	2	2
3	1993	3	3	3	3	3	3	1993	3	3	3	3	3
4	1994	4	4	4	4	4	4	1994	4	4	4	4	4
5	1995	5	5	5	5	5	5	1995	5	5	5	5	5
6	1996	6	6	6	6	6	6	1996	6	6	6	6	6
7	1997	7	7	7	7	7	7	1997	7	7	7	7	7
8	1998	8	8	8	8	8	8	1998	8	8	8	8	8
9	1999	9	9	9	9	9	9	1999	9	9	9	9	9
10	2000	10	10	10	10	10	10	2000	10	10	10	10	10
11	2001	11	11	11	11	11	11	2001	11	11	11	11	11
12	2002	12	12	12	12	12	12	2002	12	12	12	12	12
13	2003	13	13	13	13	13	13	2003	13	13	13	13	13
14	2004	14	14	14	14	14	14	2004	14	14	14	14	14
15	2005	15	15	15	15	15	15	2005	15	15	15	15	15
16	2006	16	16	16	16	16	16	2006	16	16	16	16	16
17	2007	17	17	17	17	17	17	2007	17	17	17	17	17
18	2008	18	18	18	18	18	18	2008	18	18	18	18	18
19	2009	19	19	19	19	19	19	2009	19	19	19	19	19
20	2010	20	20	20	20	20	20	2010	20	20	20	20	20
21	2011	21	21	21	21	21	21	2011	21	21	21	21	21
22	2012	22	22	22	22	22	22	2012	22	22	22	22	22
23	2013	23	23	23	23	23	23	2013	23	23	23	23	23
24	2014	24	24	24	24	24	24	2014	24	24	24	24	24
25	2015	25	25	25	25	25	25	2015	25	25	25	25	25
26	2016	26	26	26	26	26	26	2016	26	26	26	26	26
27	2017	27	27	27	27	27	27	2017	27	27	27	27	27
28	2018	28	28	28	28	28	28	2018	28	28	28	28	28
29	2019	29	29	29	29	29	29	2019	29	29	29	29	29
30	2020	30	30	30	30	30	30	2020	30	30	30	30	30

هكذا مني الاصل

ASIA/PACIFIC

Singapore Gives Air Industry a Lift With Boeing Order

SINGAPORE — Singapore Airlines Ltd.'s \$12.7 billion order for aircraft from Boeing Co. is bullish for both the airline and the industry, analysts said Wednesday.

Singapore Airlines announced Tuesday its largest order ever for 77 new Boeing 777 passenger planes. Analysts said the order was far larger than expected, as the airline had called for a tender of just 33 aircraft.

Boeing was favored over the A330 made by Airbus Industrie, the European consortium.

Medium-haul twin-jets such as the Boeing 777 and A330 are seen as the shining hope of the recession-hit aircraft industry in the next century, and much of

the action will be in the Asia-Pacific region, analysts said.

"The order reflects a very bullish view of the airline industry by SIA," said David Lum, investment analyst with JM Sassoon. "It is positive, as they would not commit this type of order unless they see healthy profits from the Asia-Pacific region."

Singapore Airlines posted a first-half net profit of \$22.7 million Singapore dollars (\$370.1 million), up 14 percent.

Mr. Lum said the size of the order had enabled the airline to get a good unit price.

Singapore Airlines did not release details of the pricing on the Boeing order but said it included 77 aircraft plus the cost of spares and spare engines. Of the 77 jets, 34 represent firm orders, with 43 on option.

"SIA will get a lot of flexibility from an order of this size. They are ordering new aircraft right off the drawing board, and stiff competition between Boeing and Airbus would have meant that SIA would have got the best possible price," Mr. Lum said.

Matsushita Announces Big Loss

TOKYO — Matsushita Electric Industrial Co. posted a large loss Wednesday for the first half of the financial year because of its sale of a majority stake in the U.S. filmmaker MCA Inc.

Matsushita said it had a group pretax loss of 81 billion yen (\$810 million) and a net loss of 132.9 billion yen for the six months ended Sept. 30.

These were due to a foreign-exchange loss of 164.2 billion yen on Matsushita's sale of an 80 percent stake in MCA to Seagram Co. of Canada. The transaction was announced in April and took place in the April-June quarter.

The MCA divestment also hurt Matsushita's group sales, which dropped 4 percent from a year earlier in the first half, to 3.22 trillion yen, and its operating profit, which fell 8 percent, to 1.3 billion yen.

Japanese Carmakers Apply Brakes They Urge APEC Nations to Go Slow on Free Trade

TOKYO — Japanese carmakers, who dominate the Southeast Asian market under generous protection, fear that a free-trade plan being debated by the Asia-Pacific Economic Cooperation forum might introduce fiercer competition more quickly than they can handle.

"We are telling those countries that they should carefully examine the pace of liberalization," an official at one of Japan's largest car manufacturers said of APEC members.

"We are worried that these countries may open their markets only to let South Korean, European and U.S. companies destroy their industry through exports of manufactured cars."

Members of the forum have talked of reaching final agreement on their plan to free up regional trade and investment by 2020 at their summit meeting Sunday in Osaka, Japan.

Japanese companies and their partners hold some 90 percent of the Southeast Asian car market, estimated at about 1 million cars a year. The market includes Thailand, Indonesia, Malaysia and the Philippines.

In contrast with their operations in the United States and Europe, they manufacture about 95 percent of those cars locally, protected by high tariffs, local-content rules and, until recently, import bans.

"It is absurd that we have such a big share," said another official at a Japanese company, who asked not to be identified.

"It shows how lazy European and U.S. companies were in the region. With difficulties, we have built up the local car industry."

Many Japanese carmakers started direct investment in Southeast Asia in the 1970s, when countries there banned or limited imports to let them build up their own auto industries. Some U.S. and European makers in effect gave up on the market at that time.

Official data show, for example, that of 120,735 new cars sold in Malaysia in 1993, 23,682 were Japanese and 88,732 were Protons, the country's national car, which is manufactured together with Mitsubishi Motors Corp.

With Southeast Asia's economic boom, other automakers now have turned their attention back to the region. The car market in the top four countries alone is projected to reach nearly 2 million units by 2000 after expanding from fewer than 400,000 in 1985. Ford Motor Co., General Motors Corp. and Chrysler Corp. have recently made moves in the region.

"We didn't think they would come so quickly," said Keisuke Takebe, the general manager in charge of manufacturing and sales in Asia for Nissan Motor Co.

"It's getting really tough," said a manager at Toyota Motor Corp.'s Asia, Oceania and Middle East planning division. "European and U.S. companies are moving to the region," he said, adding that South Korean competitors were already offering prices 10 percent to 20 percent

below those of Toyota. Japanese carmakers concede that their products in Southeast Asia are vulnerable to international competition because of high prices.

Not only do their cars contain a large amount of parts made in Japan, which has high production costs because of its strong currency among other reasons, the automakers say, but their factories in the region are often too small to benefit from economies of scale.

"If you wanted to do business in these countries, you had no choice but to produce locally," Shigeaki Kato, a spokesman at Honda Motor Co., said of the days of initial investment. "We decided to move to each of these countries and start production, no matter how small. You cannot really benefit from economies of scale unless you make 100,000 cars in one country."

Now Japanese carmakers have started to restructure their businesses, supported by a program set up by the Association of South East Asian Nations. The system grants a 50 percent cut in tariffs on parts and considers parts made in another ASEAN member to be local products.

"At least for parts, we are trying to make use of economies of scale," the Toyota manager said. The automaker has joined with Nissan and Isuzu Motors Ltd. to make parts in Thailand.

Japanese companies are also expanding production. Toyota plans to raise its annual production capacity in Asia and Oceania to 600,000 units from 396,000 and is building plants in three nations.

Indonesia's PT Telkom Settles Back To Initial Price as Market Slumps

JAKARTA — PT Telekomunikasi Indonesia, which raised \$1.56 billion in Indonesia's largest-ever stock offering, sank back to its initial offering price Wednesday in the stock's second day of trading even though the company's underwriters tried to support the price.

"It's a great company, but it can't fight the market," said Benjamin Notohardjo, a trader at Lippo Securities.

The Jakarta stock market tumbled 1.8 percent Wednesday, its largest one-day decline in 11 months, amid international economic concern fueled by new weakness in the Mexican peso Tuesday. The collapse of the peso last December caused investors to reassess emerging markets in general.

Telkom fell 50 rupiah to its initial offering price of 2,050, accounting for the largest portion of the drop in the benchmark index. The stock had risen as much as 7 percent, to 2,200, on Tuesday.

Brokers buying Telkom were predominantly the lead underwriters for the issue and their local affiliates. At least 70 percent of the 38 million

Telkom shares traded Wednesday were bought by the underwriting group. Unlike many other markets, where buyers and sellers can remain anonymous, Indonesia requires brokers to disclose their trades.

The long-awaited and heavily publicized Telkom offering had been expected to be a force that would drive the market higher.

Telkom took out full-page advertisements in major newspapers, ran national television commercials and set up a toll-free number that took 7,000 calls a day.

But the expected appetite for the shares failed to materialize, and the offering was reduced in size as a result of weak demand. Telkom originally expected to raise between \$2.5 billion and \$3 billion.

Aside from a generally weak market in Indonesia, demand has been limited by investor doubts about telephone stocks and the scheduled public offerings of a number of large telephone companies worldwide next year. Asian telephone stocks have fallen more than 8 percent in the past month.

(Bloomberg, Reuters)

Thai Investor Shoots Self

BANGKOK — A disgruntled investor shot himself outside the Stock Exchange of Thailand during a demonstration Wednesday against the weak performance of the bourse, witnesses and police said.

Vivat Srismamcheep shot himself after holding a pistol to his head for about an hour outside the trading floor, witnesses said. He was listed in critical condition in a local hospital.

The demonstrators, about 100 small investors, later held another protest over sluggish stock prices at the Government House, where they demanded the resignation of Finance Minister Surakit Sathirathai.

The SET index has fallen more than 16 percent since the government of Banham Silpaarcha took office July 18.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
10000	2300	20000
9500	2200	18000
9000	2100	16000
8500		14000
8000		12000
1995	1995	1995
Exchange	Index	Wednesday Prev. Close Close % Change
Hong Kong	Hang Seng	9,431.38 9,407.37 +0.26
Singapore	Straits Times	2,067.16 2,067.00 +0.01
Sydney	All Ordinaries	2,110.30 2,124.80 -0.67
Tokyo	Nikkei 225	17,882.74 17,802.51 -0.67
Kuala Lumpur	Composite	895.47 893.96 +1.30
Bangkok	SET	1,175.09 1,192.85 -1.49
Seoul	Composite Index	937.04 948.34 -1.19
Taipei	Stock Market Index	4,508.70 4,530.97 -0.48
Manila	PSE	2,315.26 2,340.41 -1.07
Jakarta	Composite Index	460.81 469.19 -1.79
Wellington	NZSE-40	2,184.44 2,189.82 -0.25
Bombay	Sensitive Index	3,151.81 3,138.79 +0.41

Source: Teletel International Herald Tribune

Very briefly:

- India's Maharashtra state government and Enron Corp. plan to complete their talks on reviving the U.S. company's \$2.8 billion power project by Dec. 7.
- China ordered its state-owned companies to invest aggressively in Hong Kong to raise confidence in a smooth transfer by the British colony to Chinese sovereignty in 1997, according to the Far Eastern Economic Review.
- Siemens AG predicted its sales in Asia would grow between 15 percent and 20 percent annually until 2000.
- Hoechst AG plans to increase its investments in China to \$750 million over the next year and to \$1 billion by the end of the decade, from about \$340 million now.
- Malaysia LNG Sdn. signed a deal valued at about 900 million ringgit (\$355 million) to supply liquefied natural gas to the Japanese city of Sendai.
- Tenaga Nasional Bhd.'s net earnings fell 28 percent in the year ended in August, to 1.25 billion ringgit, as the Malaysian state-run power utility was required to pay more for power from new independent producers.
- PT Astra International's car sales in Indonesia rose 8 percent in October from a year earlier, to 35,444 units.
- Phoenix Pulp & Paper PLC's net profit in the third quarter rose 188 percent from a year earlier, to 427.1 million Thai baht (\$17 million), as capacity and prices increased.
- Yamaha Corp.'s half-year pretax profit rose to 10.67 billion yen (\$105 million) from 6.15 billion yen a year earlier as strong demand for electronic components and semiconductors helped sales rise 8 percent, to 190.93 billion yen.
- Minolta Co.'s pretax profit rose to 1.04 billion yen in the first six months of the financial year from 542 million yen a year ago, and the launch of new products helped the company lift sales 6 percent, to 98.47 billion yen.
- Cathay Pacific Airways Ltd.'s 15-year management agreement with its Hong Kong Dragon Airlines Ltd. subsidiary was replaced with a five-year agreement that gave Dragonair increased autonomy.

Reuters, AP, AFP, Bloomberg

DISCOUNT: Lackluster Management Helps to Sink Regional Chains

Continued from Page 13

ring to catch up with it.

"I remember we had two motions right before Christmas, and one Sunday everything was 20 percent off," he said. "We had tons of business. I made no money. And I thought to myself, 'O.K., this is it. We are going to do things in now on.'"

Wal-Mart, whose enormous size lets it spread fixed central costs and gives it tremendous buying power and muscle in setting prime real estate — to say nothing of low prices — was still a threat in the distance. But 1990 it was already winning important technological wars other discounters did not know was on.

"Wal-Mart has the most advanced inventory technology in business, and they have invested billions in it," said Kurt Riedel, president of the Retail Marketing Research, a trade publication.

With a few keystrokes, Wal-Mart's distribution workers can see out what items are needed at one of the company's more than 2,000 stores — and then see their speedy delivery. By contrast, Jamesway's antiquated hodge of tracking stock hurt company badly as customers' likes and dislikes moved toward the end of the decade and the need to unload inventory became more urgent.

"What we never knew in this company was what actually happened," said John Sipala, a service president.

Consequently, merchandise moved well was suddenly on sale, which resulted in a dress surrender of margins, popular items sometimes eliminated. One day, for instance, Jamesway decided it did no longer sell yarn, to the chagrin of many of its elderly customers.

Instead of inventory systems, eschew and its competitors let their profits on real estate rise. By the end of the '80s, the company had 90 discount stores throughout the Northeast.

There was this urge to come to be bigger, to get the edge before the competition," Kulonowski said. "And we're all paying for it."

Jamesway Department Stores went into 32 months of bankruptcy protection in 1990 as a result of debt from the house in 1988 of the former chain of discount stores.

Bradlees Inc. also expanded. Now, as the discounters face financial crises, the storefronts are too small to entice a Wal-Mart to acquire them.

Simple aesthetic questions also plague the discounters.

Stores were ignored, left with a dated feel that was only deepened by poor lighting, unattractive floor designs and

piped-in elevator music.

"We didn't put a lot of money into remodeling stores," Mr. Sipala acknowledged. "It's amazing how when a customer feels good in a store, they want to spend money there."

Nor did customer service enhance the shopping experience.

"It was always a hassle here," said Robin Vogt, as she

cruised the discount toy aisles in the Jamesway here with her husband. "There was never anyone at the cash register. No one was helpful."

By the time the discounters finally got around to reacting to Wal-Mart and Kmart, the "category killers" stepped in, with their huge inventories of discounted specialty merchandise.



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Her Majesty The Queen and Kun Hee Lee, chairman of the Samsung Group, open Samsung Wynyrd Park, Cleveland, on October 13, 1995.

INVESTING IN BRITAIN

A CAPITAL BUSINESS CLIMATE BECKONS

Low taxes, a skilled work force and limited bureaucracy attract companies from all over the world.

Multinationals from around the globe are flocking to Britain in record numbers, drawn by low corporate tax rates; a highly skilled, inexpensive labor force; and government policies aimed at making life easy for the international investor. As a magnet for inward investment, Britain is first in Europe. Worldwide, its drawing power is second only to that of the United States. In the 1994-95 financial year, overseas companies unveiled 434 major projects expected to generate a total of 37,000 jobs. The number of new Britain-based jobs generated by international investors over the last three years tops the quarter of a million mark.

New investments

The companies announcing new investments in 1994-95 come from 30 countries and a wide range of industries. U.S. firms traditionally form the largest contingent: over 3,500 of them operate in Britain, including 98 of Fortune Magazine's top 100.

Britain also plays host to more than 1,000 German businesses, including giants like Siemens. The 200 Japanese companies operating on British soil include the 10 leading consumer electronics firms and the three largest auto makers, and there is a host of other high-tech competitors from other countries in the Far East.

Although the sheer number and variety of market entrants

may seem surprising, there is really no mystery to Britain's appeal. Alongside historical advantages like a well-established role in international trade, the government has worked hard to create a "pro-business environment" characterized by low costs, scant bureaucracy, and assistance in the form of grants, discounts on property tax and even free advice on factory siting and suppliers.

Sound fiscal policy

Fiscal policy is favorable to business: the corporate tax rate on profits is 33 percent — the lowest in the European Union, matched only by Luxembourg. In Britain, business tax receipts total around 6 percent of the GDP, less than in Germany (9 percent), France (14 percent) or Japan (10 percent). The top rate of personal income tax is 40 percent, again the lowest in the EU.

Over the last 10 years, labor-management relations have been, for the most part, harmonious. Britain's strike rate has been below the EU annual average since 1986.

"In the past 25 years, we've never lost a single second of working time due to an industrial dispute or for any other reason," says Robert Ball, managing director of Gleason Works Ltd., of Plymouth. The company is a subsidiary of the Gleason Corporation of Rochester, New York, which produces gear manufacturing equipment for automobiles.



Ian Lang, president of the Board of Trade, opens Jabil Circuits in Scotland; Sony Electronics has established itself in Wales.



There is no minimum wage requirement in Britain. Add to this a well-educated, highly skilled work force, amenable to working in shifts and doing overtime.

"We've expanded more rapidly than planned because we feel that... the local employees have the ability to reach the high productivity figures achieved by factories making comparable products in Japan," says Zenkichi Igarashi, managing director of Pioneer Electronics Technology (U.K.), Ltd.

The state takes a back seat

Government policies aim to minimize bureaucracy at every turn.

"There's really very little interference," says Steve Morris of the Department of Trade and Industry's Invest in Britain Bureau (IBB). "Any company that wishes to locate in the U.K. is free to do so, and we treat foreign-owned companies exactly the same as we treat indigenous ones."

The upshot? In a 1995 survey, 80 percent of overseas investors said their British operations were performing as well as — or better than — their overseas counterparts. This year, executives from 500 major companies voted London Europe's top business location for the fifth year in a row, on the basis of factors ranging from market access to transport links, cost of staff and property, and the quality of telecommunications.

"Of the world's oil provinces, the U.K. has the best business and tax regime, as well as a government with an excellent understanding of the market environment," says Bob Solberg, chairman of Texaco Ltd.. Texaco has been operating in Britain for almost 80 years and now employs around

2,500 people in oil and gas production and exploration, refining and service stations.

"In the energy field, the regulatory bodies are modern and progressive," says Mr. Solberg. "They operate in a spirit to foster a strong industry and they are not punitive."

Free advice

Business leaders from other industries agree with Mr. Solberg.

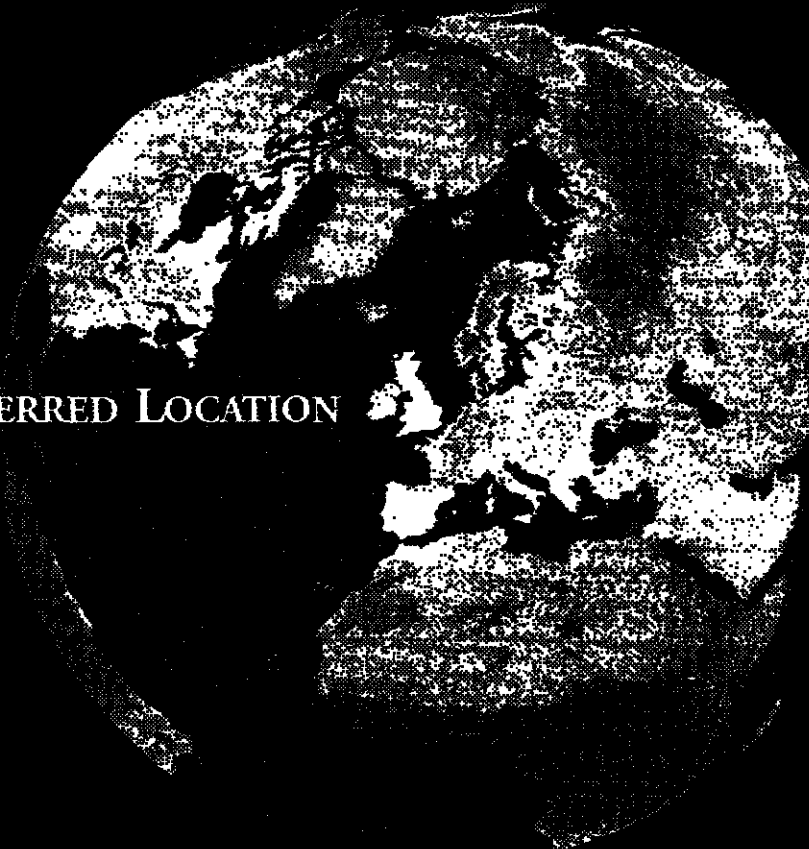
"The environment here is mature and conducive to business, and there's an excellent relationship with industry regulators," says Boyd Faulks, managing director of Telstra, Ltd., the British subsidiary of Australia's largest telecommunications company. Telstra opened the London subsidiary in March 1995 as part of a global strategy that includes offering integrated telecommunications services to British and multinational customers with business interests in the Asia-Pacific region.

For many multinationals, the decision to invest in Britain is made following contacts with the Invest in Britain Bureau. Working out of consulates and investment offices overseas, IBB caseworkers marshal a variety of information sources throughout the country to offer free advice on everything from factory and building sites to suppliers, training programs and grants.

Earlier this year, Siemens credited site location and other services provided by IBB as key factors in its decision to build a new, £1.1 billion semiconductor plant in North Tyne-side.

Lisa Rosenthal

Britain



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FIRST LOCATE THE FACTS. THEN LOCATE IN BRITAIN.

TELECOMMUNICATIONS INDUSTRY EXCELS

Ultramodern technology and low costs combine to make this an almost impossibly attractive market.

Britain enjoys one of the most sophisticated telecommunications systems in the world, and Britain's tariffs are among the lowest in Europe. Liberalization of the industry has attracted new service providers and has encouraged the development of advanced value-added services.

In September, IBM became the latest multinational to announce that it was expanding its operations in Britain thanks to the country's efficient telecommunications networks. Its call center in the Scottish city of Greenock, established to service IBM's personal computer users throughout Britain, will now be upgraded to a Pan-European HelpCentre. Some 200 new jobs are to be created in the Inverclyde area.

"The decision reflects the growth and success of the company in Scotland and also confirms Scotland's position as the leading European location for call center projects," comments George Kynoch, M.P., the Scottish Office's minister of industry. "There are currently some 50 call centers operating successfully in Scotland, employing over 5,000 staff."

Other U.S. companies operating call centers in Britain include American Express, Apple Inc., Citibank, Du Pont Industries, Kodak, Data General and the Aldus Corporation. The centers are used increasingly for telemarketing and other services, and can be employed for sales support, account management, dealer support, database compilation and debt collection as well as for sales and after-sales support.

At present, Britain has the largest fiber optic network in the world, with more than 3 million miles of cable. Almost all of the network is completely digital: this is thanks in part to an investment program costing more than \$19 billion.

Intelligent networks deliver access to more than 250 countries through International Direct Dial (IDD). Global Network Services (GNS) offers access to switched data services linked to some 200 countries. Domestic and international Freefone 0800 (toll-free) is available to more than 40 countries. Other advanced services include Virtual Private Networks, Centrex services such as Featurenet and a wide range of value-added business services.

Deregulation proceeded rapidly in the early 1980s following the passage of the Cable and Broadcasting Act of 1984, which established the Cable Authority and helped promote broadband cable by offering franchises to operators for the delivery of television and other telecommunications services. Voice telephony has to be provided in

conjunction with either BT Plc., Britain's main operator, or Mercury, which is owned by Cable and Wireless and BCE of Canada.

Declining costs

By 1990, more than 135 cable franchises had been awarded to both British and overseas companies, covering nearly 70 percent of the British population. Privatization of BT Plc. in 1984 and the subsequent use of competitive tenders for the installation of other infrastructure, technology, products and services — such as cellular radio networks, radio-paging and cordless telephone networks — have vastly enhanced the extent and range of options available to commercial and residential users.

Such wide-scale competition in the domestic and international markets has also helped to bring down the cost of telecommunications in Britain. As Peter Hall, vice president of American Express, explained recently, "We are able to choose from a number of companies for both voice and data transfer as well as operating our own private telecommunications network."

Since 1984, BT Plc. has reduced its charges for core services in real terms by some 40 percent, and further reductions are expected from both BT Plc. and other operators during the next five years. As a result, inward investors are being advised to budget for a year-on-year decline in costs of about 10 percent. In addition to the savings, such a scheme enables businesses to determine their budgets and strategies, confident that their costs can be met in the telecoms field.

Pamela Ann Smith

I N V E S T I N G I N B R I T A I N



A laboratory employee works with plastic. For a large number of drug companies, Britain is the home of choice.

HIGH STANDARDS AND LOW COSTS MAKE PHARMACEUTICAL INDUSTRY A LEADER

Researchers and businesses alike can benefit from numerous incentives in the research and development area.

Britain has long been a primary research and development site for the international pharmaceutical industry, and the domestic market for medicines is one of the world's largest.

Exports of medicines from Britain account for about 12 percent of the global market for pharmaceutical products. With over £4 million (\$6.32 million) a day spent on pharmaceutical research and 25 percent of industry workers employed in R&D, it's no wonder that nine of today's top 35 prescribed medicines were developed in Britain.

Recently, Britain has seen its role enhanced by the arrival of the European Agency for the Evaluation of Medicinal Products (EMA), the authority that coordinates licensing of medicines in the European Union (EU). The EMA is empowered to grant a single license for drugs to be used throughout the EU, reducing the time it takes to get new products to market. Last year, the EMA established its first headquarters at Canary Wharf (London Docklands), a site that won out over 150 other European locations — in part because of its proximity to numerous drug manufacturers and research bodies.

All the advantages

Over 300 drug companies are now operating in Britain, a number that does not include the hundreds of suppliers in sectors ranging from packaging and licensing to software development. Bayer PLC, the German health care multinational, and Pharmacia & Upjohn, the merged Swedish-U.S. concern, are only two of the industry leaders to have announced big investments in recent months. Bayer opened a European development headquarters in Slough in April. Pharmacia & Upjohn decided in August to establish its new headquarters in London.

Before the recent wave of industry mergers, 46 of the world's top 50 drug companies had offices in southeast England.

About 45 U.S. biotechnology companies are based in the region, attracted both by the concentration of research expertise and by the proximity of key regulatory authorities.

"The superiority in pharmaceuticals research is in this

country," says Andrew Craven, communications manager for Bayer. "High academic standards coupled with relatively low development costs make it the best place in Europe for the organization of drugs trials and administration."

Nobel breeding ground

Among Britain's advantages is "the excellence of the biosciences in universities," says John Sime, chief executive of the BioIndustry Association, which represents 200 biotechnology companies and service providers. Mr. Sime points out that over the years, researchers in biosciences in Britain have won more than 20 Nobel prizes.

Although most industry investments have traditionally been channeled into the southeast and the Thames Valley, new establishments are springing up all over the country and in Northern Ireland, where modern, custom-built developments are proving extremely attractive to pharmaceutical companies.

London Docklands — now one of the most popular commercial sites in the country because it combines proximity to London with affordable rents, high-quality office space and waterfront footage — hosts the new headquarters of the European Federation of Pharmaceutical Industries Association as well as the EMA.

The extra mile

Regional development authorities are willing to go the extra mile to encourage new establishments. In its choice of a European base, Almedica, a company headquartered in New Jersey that provides packaging, distribution and software support for clinical trials, chose Wales over the Rhine Valley and Eastern France in part because the Welsh Development Authority offered it the chance to immediately occupy a new factory, constructed at its own expense.

"This kind of investment by a development organization can attract companies which don't want to build a factory from a greenfield site, but want to make the move immediately," says Almedica managing director Richard Todd.

L.R.

SERVICE SECTOR CONTINUES TO EXPAND

Banks, technology firms and international business professionals converge in Britain from abroad.

Home to 500 banks from 70 countries, London has long been the European hub for trading in equities, currencies and international bonds. Lawyers, accountants, insurers, telecommunications companies and other professionals who gear their practice to servicing the international business community have flocked to London as well.

The spate of mergers and acquisitions that is sweeping the banking industry has boosted London's importance as a financial center. Deutsche Bank-Morgan Grenfell has just announced it will move its currency operations team — on the heels of its European equities business — to London from Frankfurt. WestLB, the German banking giant, says it will hire about 200 new employees as it develops its new, non-Deutschmark bond, equity and derivative business in London, rather than in Düsseldorf. U.S. investment bank Bear Stearns also announced in March that it would consolidate its Frankfurt office into its operations in London. To that end, the bank has leased 26,000 square feet of space at London Docklands. Hong Kong Shanghai Banking Corporation established a new head office in London shortly before its acquisition of Midland Bank in 1992.

Success in the provinces

Although London remains central to international financial services strategies, recent advances in telecommunications have fostered a quiet revolution: many service firms are finding that thanks to new technology, they can stay on top of their international business at lower cost from emerging financial centers in Wales, Scotland, the Midlands and other outlying areas.

"Telecommunications advances have

allowed financial service providers to break away from tradition, decentralize and set up shop in remote locations," says Godfrey Jillings, director of the Welsh Financial Services Initiative, a project designed to generate 10,000 new jobs in the finance sector beginning in 1998.

"Salary levels are generally lower than in London, as are property costs

Recent advances
in
telecommunications
have fostered
a quiet revolution
for many
service firms

and tax rates," says John Thorn, deputy general manager of AXA, which sells auto, property, liability and fire insurance out of headquarters in Cardiff Bay, a new development that has revitalized Cardiff's docklands to attract a growing number of service firms. AXA is a subsidiary of the Paris-based insurer, AXA, S.A.

"Instead of trying to shoehorn ourselves into more congested city sites, Cardiff Bay offered a whole range of

possibilities to meet our requirements," says Colin Foxall, managing director of NCM Credit Insurance, a leading Dutch insurer headquartered in Amsterdam. To take advantage of the low-cost business environment, the multinational has chosen Cardiff as a base for the data center that processes all its transactions worldwide.

"NCM operates in eight countries, but many more were considered for the data center site" before Cardiff was chosen, says Mr. Foxall. Hexagon Insurance, a subsidiary of the Hong Kong-Shanghai Banking group, is another international insurer based in Cardiff Bay. According to James Turner, managing director of the Welsh Development Agency's (WDA) international division, to help multinationals all new industrial sites being developed by WDA have broadband capacity for fiber optic links.

Other popular sites for international financial services providers include Birmingham, in the Midlands, and Chester, in northwest England.

The evolution of the service sector has generated myriad opportunities for telecommunications providers, who say they have no problem finding qualified staff to develop and market their products.

Creative engineering

"What you get in the U.K. is excellent engineering, very creative engineering," says Janice Roberts, vice president of marketing for 3Com Corporation, a U.S.-based network provider that now generates almost 40 percent of its business in Europe.

"The U.K. is really the leading edge in Europe in terms of deployment of new networking technology."

L.R.

NEW INVESTORS BOOST THE JOB MARKET

Big-name companies — and some smaller-name ones — have flocked in from several continents.

Britain is continuing to attract new investors from around the world, including both large multinationals and medium-sized companies. The range of sectors covered is expanding, too, along with the number of countries involved.

In October, Queen Elizabeth opened a huge new manufacturing center being built in Cleveland by the Korean electronics giant, Samsung, to produce personal computer monitors and microwave ovens.

"The multi-product complex will involve an investment of £600 million (\$950 million) and the creation of 3,200 jobs, to say nothing of the jobs that will be created indirectly in supply and service companies," Lord Fraser of Carmyllie, minister of state at the Department of Trade and Industry (DTI), said at the opening ceremony.

The same day, Samsung announced that it had also decided to locate its European headquarters and training center in west London. The company had been wooed from Germany by the London First Center, the capital's inward investment agency. It is taking an 8.8-acre site in Hounslow and is to build an office development capable of accommodating up to 500 employees by the end of the century.

Manufacturing first

In the past year, Britain has attracted 434 new investments, according to Michael Heseltine, deputy prime minister and former president of the Board of Trade.

"This brings to well over 1,100 the number of new projects recorded over the past three years." More than a quarter of a million jobs have been created or safeguarded, he adds.

Britain's overall agency in charge of inward investment, the Invest in Britain Bureau (IBB), reports that in the past year companies from 30 different countries selected Britain for their investments. The overwhelming majority were in manufacturing. Value-added jobs in research and development and in services continued their upward trend as well. Other areas that are rapidly attracting attention include pharmaceuticals, sales and marketing services.

Foreign giants

Aside from Samsung, other large multinationals choosing Britain include Siemens of Germany and Fujitsu and Toyota of Japan. Both Ford of the United States and Nissan of Japan are expanding their operations as well, with multimillion-dollar investments in new car manufacturing plants.

Siemens is to build a new semiconductor plant costing £1.1 billion in North Tyneside. In addition to the DTI and IBB, English Partnerships, the Regional Development Or-

ganisations (RDOs) and local government agencies also played a role in helping the German company to meet its tight deadlines for a decision.

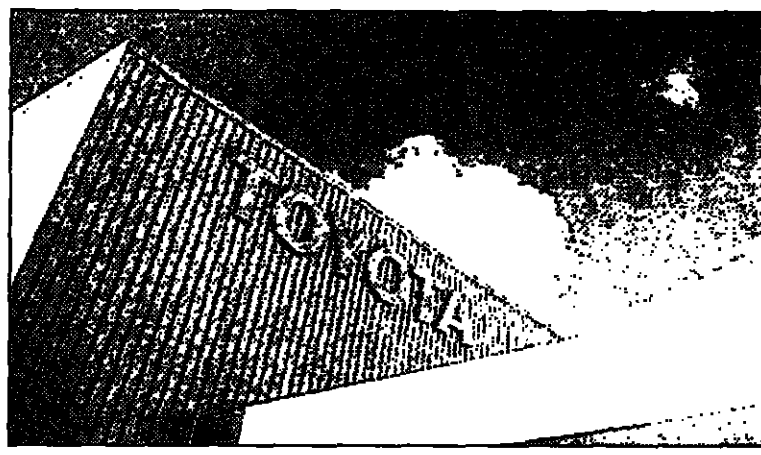
Fujitsu's investment amounts to £800 million and involves the expansion of its microelectronics plant in County Durham, Northern Ireland. The corporation already employs 520 people, following a previous investment of £400 million, and the new addition will bring the total number of jobs created to more than 1,000.

"The standard of operation and quality of personnel in Durham have reached a level of performance comparable with that of our operation in Japan," explains Yukio Kaneko, production and engineering director for Fujitsu.

Cars from abroad

Toyota plans to double capacity at its plant in Burnaston, Derbyshire by 1998, creating 1,000 new jobs. Production will now include the Corolla, as well as the Carina E.

Last month, Ford announced that it is expanding its manufacturing plant in Bridgend, Wales, at a cost of £340 million.



Toyota has established its principal European base for engine production in Wales.

Production will center on a new generation of engines for Fiesta cars. Some 480 jobs will be created directly, with another 500 to come in the form of components suppliers. By 1998, the factory is expected to be producing more than a million engines a year.

Nissan is building a new generation of its cars at its existing site in Sunderland, where the company announced in Sep-

tember, it is planning to invest another £250 million. This will bring its total investments in Britain up to £1.25 billion.

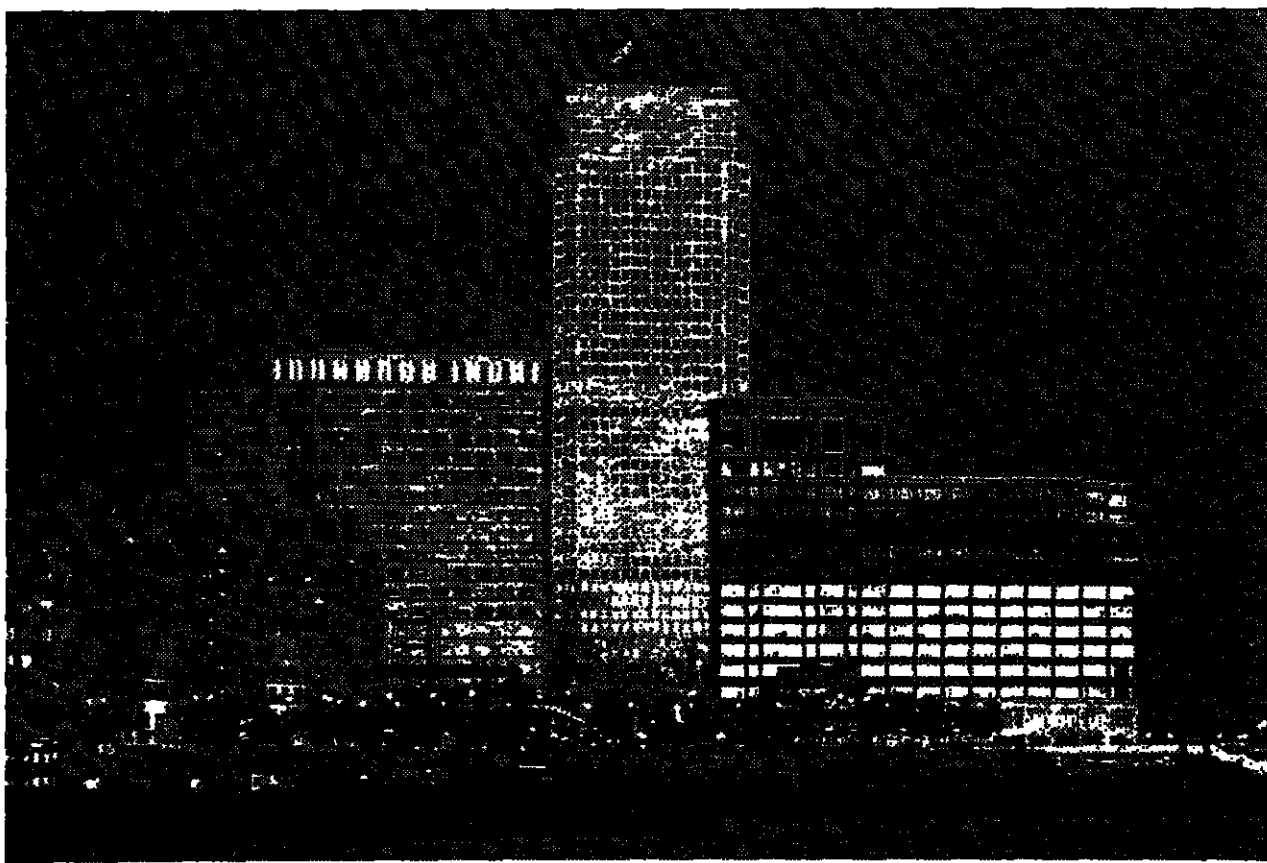
"The last year has been a very good year for the large investor," comments Steven Morris at IBB's offices in London. "We had thought that this year would be mainly for the medium-sized firms. The companies that are here are also investing," he added.

"About 50 percent to 60 percent of all the investment that comes into the U.K. at present comes in through the expansion of existing companies."

In the future, the IBB expects to target more European companies, including investors from Germany. Medium-sized companies from Asia, including countries such as South Korea and Thailand, will also receive particular attention in an effort to widen and deepen the scope of inward investment in Britain.

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INTERNATIONAL FUNDS

November 15, 1995

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WORLD ROUNDUP

Norway Is Swept Out of Finals With Loss to Dutch

By Ian Thomsen
International Herald Tribune

ROTTERDAM — Norway amassed 20 points from 10 games but failed to advance to the European Championship finals on Wednesday night's 3-0 loss to the Netherlands.

No other country did as well without qualifying. But maybe that's what the Norwegians get for playing like England: It rubs off.

For the longest time Norway thought it had been brought down by a senseless

the Dutch. They were way ahead in style, satisfying only their maddening reputation; every scoreless minute gone by was actually a notch to the visitors.

Norway's backup goalkeeper, Frode Grodas of the Norwegian club Lillestrom, was punching the ball from Glenn Helder's knee and rushing to the perimeter to swipe a challenge from Richard Witschge while the Liverpool defender Stig Inge Bjornebye was catching onto the tricks of Overmars, who had been a magician in the beginning.

By halftime every one of the Dutch front six could name a chance that might have made him the evening's hero, but at half-time the cheers blared like a tiny speaker from the visitors' corner.

THEN, as if to mock the name of both teams, a goal such as this followed the gentle pass of Ronald de Boer into the front of the box.

There it was cleared by the sliding Chelsea defender Erland Johnson — bang off the chest of Seedorf rushing in blindly and over the goalkeeper's head, who stood there, stunned, like someone from the old Disney Flubber movies.

England might have been upset after missing the World Cup finals after an obvious penalty was ignored two years ago in this very stadium, but that English team was never so self-assured as its long-ball heirs, the Norwegians, who until this match — until that ricochet — had been dominating their European qualifying groups for the last four years. They weren't built to string together a comeback, though striker Jan Åge Fjørtoft came close with an 83rd-minute header over the bar.

Their defeat might be a boon for the tournament next summer, provided the Dutch and their recent loss to Belarus this is no likely thing — can build upon the last two minutes.



Glenn Helder (standing), the Dutch winger, clears a sliding tackle from the Norwegian defender, Karl-Peter Løken, in their European Championships qualifying match in Rotterdam, Wednesday night. The Dutch won the match, 3-0.

Johnson Wins Cy

BASEBALL Randy Johnson, the 6-foot-10-inch (2.08-meter) Seattle Mariner left-hander won the American League Cy Young award on Tuesday. The voting by the Baseball Writers Association of America proved as lopsided as Johnson's record. Johnson, who won 18 games and lost only 2 this season and whose team was 27-3 in his starts, was named first on 28 ballots and second on the other two.

Jose Mesa, who saved 46 games for the Cleveland Indians, finished second. He received the two other first-place votes. (NYT)

Becker Loses at Home

TENNIS Pete Sampras humiliated Boris Becker in his own backyard. Sampras beat the German, 6-2, 7-6, before a capacity crowd of 9,000 in the ATP Tournament in the Festhalle in Frankfurt.

In other group matches, Thomas Enqvist beat Jim Courier, 6-3, 6-2, and Wayne Ferreira beat Yevgeny Kafelnikov, 3-6, 7-6, 6-1. (Reuters)

Crowe Hits Best

CRICKET Martin Crowe hit an unbeaten 107, his highest score in one-day internationals, to steer New Zealand to an eight-wicket victory over India in the first one-day international on Wednesday at Jambhathpur. Chasing India's score of 236 from 3, New Zealand reached 237 for the loss of two wickets with three overs to spare. (Reuters)

EUROPEAN SOCCER

ricochet, a 49th-minute goal that was celebrated by Clarence Seedorf as if he were reading from a lottery ticket.

In the last two minutes Norway was put out of its misery with two dashing breakaways by winger Marc Overmars. Youri Mulder finished one, then Overmars himself scored after a run from midfield.

It cast some credibility to what would have been a ludicrous result otherwise.

However, the Dutch victory was not total. They finished second in group four behind the Czech Republic, and they must still win a playoff next month for the 16th and final spot in the finals next summer in England.

FROM the start, the eager Dutch held onto the ball like a team of bigger, older boys. In the opening quarter-hour, as the smoke of the pregame rally drifted past the floodlights, Dennis Bergkamp was involved in at least four chances that he could feel reverberating from the orange crowd.

During that time the Norwegians were in the other box once, when a long free kick allowed them to set up there.

Each failed chance thereafter haunted

Belgium Slips Out; Northern Ireland Lets Ireland Off the Hook

Compiled by Our Staff From Dispatches

LONDON — Second-half goals by George Hagi and Dorinel Munteanu propelled Romania into next year's European Championships with a 2-0 victory Wednesday in Slovakia.

The result meant that the Romanians clinched the top spot in Group One, leaving France second, France beat Israel, 2-0, to expunge memories of the 3-2 defeat at Parc des Princes two years ago that cost them a place in the World Cup finals to finish as runner-up.

After Wednesday night's final round of games, the first-place teams in each of the eight groups, plus the six best second-place teams, qualified automatically for the finals in England next summer. The other two second-place teams play off on Dec. 13.

In Group Eight, Russia, which downed Finland, 3-1, and Scotland, which beat tiny San Marino, 5-0, in Glasgow, were already certain to gain the finals berth Wednesday's games. Switzerland, which was playing England in a friendly at Wembley, was also sure of at least one of the best runners-up spots.

Afternoon results in Group Seven meant that Bulgaria and Germany qualified for the finals of the European championships before their game in Berlin even kicked off. Albania held Wales to a 1-1 tie in Tirana, to make Bulgaria's place safe. Moldova beat Georgia, 3-2, to climb to fourth in the group and ensure Germany's place under the complicated formula by which the top six second-place teams are selected.

In the end, Hristo Stoichkov put the Bulgarians

ahead, but Jürgen Klinsmann, with two, and Thomas Hässler scored to give Germany a 3-1 victory and first place in the group.

In Group Two, Belgium failed to qualify after being held 1-1 by Cyprus, traditionally one of Europe's weakest teams. The home team had a player expelled after 20 minutes. Belgium's slip allowed Denmark, the holders, to qualify for the finals with a 3-1 victory over Armenia in Copenhagen. Spain had already won the group.

In Group Four, Croatia, one of the favorites for next summer's tournament, secured first place by coming from behind to beat Slovenia, 2-1, in Ljubljana while Italy, already assured of second place, thrashed Lithuania, 4-0, in Reggio Emilia. Gianfranco Zola scored a second-half hat trick for Italy.

It was a wild night in Group Six. Ireland needed to win in Lisbon to be sure of finishing in the top two but lost, 3-0, to leave Portugal the group's winner. Meanwhile, in Belfast, Northern Ireland beat Ireland's nearest rival, Austria, 5-3 to draw level on points with Ireland.

Ireland's record in matches between the top four teams in that group was better than Northern Ireland's, so it gained second place. However, it was worse than the records in equivalent games of six of the other second-place teams and must now face the Netherlands in the Dec. 13 playoff. That match will be in Liverpool, a port just across the Irish Sea from Dublin and, so legend has it, with a larger Irish population. (AP, AFP, Reuters)

SCOREBOARD

BASKETBALL									
NBA STANDINGS									
EASTERN CONFERENCE					WESTERN CONFERENCE				
Team	W	L	Pct	GB	Team	W	L	Pct	GB
Orlando	6	1	.857		San Antonio	5	1	.833	
Atlanta	5	2	.714	1	Phoenix	4	1	.800	
New York	2	3	.400	3	Utah	5	2	.714	
New Jersey	2	3	.400	3	Los Angeles	4	2	.667	
Philadelphia	2	3	.400	3	Vancouver	2	5	.286	3
Washington	2	3	.400	3	Minnesota	1	4	.200	3
Boston	1	3	.250	3	Dallas	0	6	.000	5

HOCKEY									
NHL STANDINGS									
EASTERN CONFERENCE					WESTERN CONFERENCE				
Team	W	L	T	Pts	Team	W	L	T	Pts
Pittsburgh	11	2	1	23	Colorado	11	2	1	23
Buffalo	9	3	2	21	Los Angeles	8	5	2	18
Montreal	8	4	3	19	Anaheim	8	5	2	18
Toronto	8	4	3	19	Vancouver	7	5	3	17
Ottawa	6	9	1	13	Edmonton	7	6	1	15
Boston	5	9	2	12	Calgary	3	11	4	6
St. Louis	5	9	2	12	San Jose	1	12	4	6
Dallas	5	9	2	12					



MAJOR COLLEGE SCORES									
Team	Score	Team	Score	Team	Score	Team	Score	Team	Score
Alabama	35-14	Georgia Tech	31-14	Florida	24-14	North Carolina	21-14	South Carolina	14-14
Arkansas	31-14	Mississippi State	21-14	Georgia	21-14	Florida State	21-14	Virginia Tech	21-14
Auburn	31-14	Alabama	31-14	Georgia Tech	31-14	Florida	24-14	North Carolina	21-14
Baylor	31-14	Arkansas	31-14	Mississippi State	21-14	Georgia	21-14	Florida State	21-14
Brigham Young	31-14	Auburn	31-14	Alabama	31-14	Georgia Tech	31-14	Florida	24-14
Butte	31-14	Baylor	31-14	Arkansas	31-14	Mississippi State	21-14	Georgia	21-14
California	31-14	Brigham Young	31-14	Auburn	31-14	Alabama	31-14	Georgia Tech	31-14
Central Michigan	31-14	Butte	31-14	Baylor	31-14	Arkansas	31-14	Mississippi State	21-14
Cincinnati	31-14	California	31-14	Central Michigan	31-14	Cincinnati	31-14	Cincinnati	31-14

11	73	43	LeClair (2 Handed, Hurler), Overman—Worse, Shots on goal. P. 12-12-21—23, W. 7-4-2—21, 22, 23, 24	Snyder (Left)
18	49	46	Gratfield; 12 Handed, W-Conry.	Wright (Left)
13	34	48	Tarwater	Errey (Right)
12	44	52	Florida	Yochumman
14	52	48	First Period: T-Wood 3 (Sunder), D-Don Second Period: F-Garpenkar 4 (Woolley, Selinger), 3-T-Gilmore 7 (Gartner), Third Period: T-Gilmore 3 (Hull, Carline), 1-Hedemeyer 10 (Woolley), 4-B-Rames 8 (Dyck), 7-F-Linsler 4 (Hogarth) and, Shots on goal. P. 13-5-27, P. 6-11-17—34, Goals: T-Puhlin, F-Hedemeyer	Donaldson
12	54	61	N.Y. Rangers	Johnson (Left)
15	67	41	St. Louis	Federman (Left)
16	41	48	St. Louis	Greshley, 1
15	41	48	St. Louis	Teuchro, 1
15	41	48	St. Louis	P. 8-12-13—33.
15	41	48	St. Louis	
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24	64	41	St. Louis	
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2 - Johnson 4, 3, LA-Kurti 5 (50*) (4th), 4 - D-Donohue (Kurti) (cp), Second Period: D-Ley, Yarmozki, and LA-Trypkalak 2 (Cowie), 7, D - Ramsey 2 (Errey, Third Period: D-Ley and C-Carty, 8 - D-Kovach 4 (Lundberg), 10 - LA, Kirschtli 6 (Lundberg), LA-Grubay 6 (Kirschtli), 11-12 guest: D-16-16-13 (LA-Lauziller, D-Osgood, LA-Detwe.	
ANALYST GROUP 155M: Christian Stumpf (70M), Alonzo Smith (40M), Michael Porthoff 3, Inland 0	
Scorers: Ral Croft (60M), Helder Cristofari (70M), Jayce Cardo (70M).	
GROUP SEVEN	
Germany 3, Bulgaria 1	
Scorers: Germany - Kinsman (40M), 75th pen., Hassler (55M); Bulgaria - Stokhach	
Albania 1, Wales 1	
Scorers: Albania - Sokol Kushta (5M, penaltys); Wales - Mark Penabaz (41st), Melhorn 3, Georgia 2	
Scorers: Moldova - Ion Teclimiltau (58M), Yuri Kihvher (71M, 72M); Georgia - David Danabashvili (58M), Mikheil Gubishvili (42M, 43M, 44M)	
GROUP EIGHT	
Rusida 3, Finland 1	
Scorers: Rusida - Rocheman (40M), Koutlous (55M), Kirkkova (70M); Finland - Suominen (45M).	
Greece 5, Faroe Islands 0	
Scorers: Naveris (58M), Nikakidaki (42M), Melhorn (45M), Donis (50M), Tsouris (50M).	
Scotland 5, San Marino 0	
Scorers: Eain Jose (40M), Scott Booth (45M), Ally MacGill (45M), Pat Nevins (47M), Pablo	
INTERNATIONALS FINLAND	
Austria 3, New Zealand 0	

CROSSWORD

ACROSS		10 Mideast pilgrimage	17
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Redemption Eludes the Bulls

The Associated Press
The Magic didn't have Shaq O'Neal and the Bulls didn't have Dennis Rodman. No matter.

Anfernee Hardaway's duel with Michael Jordan was more than enough to keep things interesting Tuesday in the NBA's first marquee game of the season. Hardaway's 36 points beat Jordan's 23 and Orlando beat Chicago, 94-88, in the first meeting between the teams since the Magic defeated Chicago in the Eastern Conference semifinals.

"You figured the Bulls would be coming in here, looking for a little redemption from last year's playoffs," Hardaway said, "and get a victory since we were without Shaq. It says a lot for this team that we can play without him."

It was Chicago's first loss of the season in six games.

Hardaway, who made 12 of 18 field goals, hit a 3-pointer with just over a minute to go, and Nick Anderson made four free throws down the stretch to help the Magic.

Jordan sparked Chicago's comeback from a 10-point deficit in the fourth quarter but missed his last two shots and finished with just five points in the second half.

"They've got so much versatility. They've expanded their roles a lot — from Nick Anderson to Hardaway to Dennis Scott," Jordan said.

Scottie Pippen had 17 points and Toni Kukoc 16 for the Bulls.

Scott's three-point play snapped an 83-83 tie with 1:45 to go. Hardaway's fourth 3-pointer made it 89-83, while Anderson, who had 16 points, made four of eight free throws in the final minute.

Almost as surprising as Orlando's 6-1 start with O'Neal sidelined with a broken thumb is the Clippers' 4-3 mark.

Clippers 118, Warriors 106 Lamond Murray scored 13 of his 22 points in the fourth period as Los Angeles won its third straight.

Malik Sealy added 24 points and Brian Williams 17 for the visiting Clippers, who

NBA ROUNDUP

have a winning record for the first time since Nov. 18, 1993, when they were also 4-3.

Two sons of a former Warriors great, Rick Barry, faced each other in the game. Brent Barry, a rookie with the Clippers, played against his brother, Jon, outscoring him 9-5.

SuperSonics 115, 76ers 107 Shawn Kemp made his first 10 shots, scored 29 points and grabbed 12 rebounds, and Seattle held off a late rally at Philadelphia.

Hersey Hawkins scored 21 points and Gary Payton had 19 points and 11 assists for the Sonics, who have beaten the 76ers six straight times.

Jerry Stackhouse had 27 points, including 14 in the final period, for the 76ers.

Hawks 111, Hornets 104 Stacey Augmon scored five points in the final 1:25 as Atlanta rallied to score the final nine points and beat visiting Charlotte.

Augmon, who had 20 points, put Atlanta ahead to stay with a three-point play, making it 105-104 with 1:25 remaining.

Then he added two free throws for a 107-104 lead, and the Hawks clinched their fourth straight victory when Andrew Lang converted one of two free throws.

Bucks 98, Spurs 84 Milwaukee snapped an eight-game losing streak to San Antonio behind Glenn Robinson's 36 points and a 13-0 fourth-quarter run.

The Bucks also halted their four-game losing streak, snapped visiting San Antonio's four-game winning streak and denied coach Bob Hill his 200th NBA victory.

Trail Blazers 105, Knicks 99 Clifford Robinson scored 36 points, including a 35-footer at the third-quarter buzzer to put Portland ahead for good, as the Trail Blazers handed New York its first road loss of the season.

Robinson sealed the victory with four straight points on a 17-footer and two free throws that put Portland ahead 102-95 with 1:06 remaining. He also had a big steal with 34 seconds left.

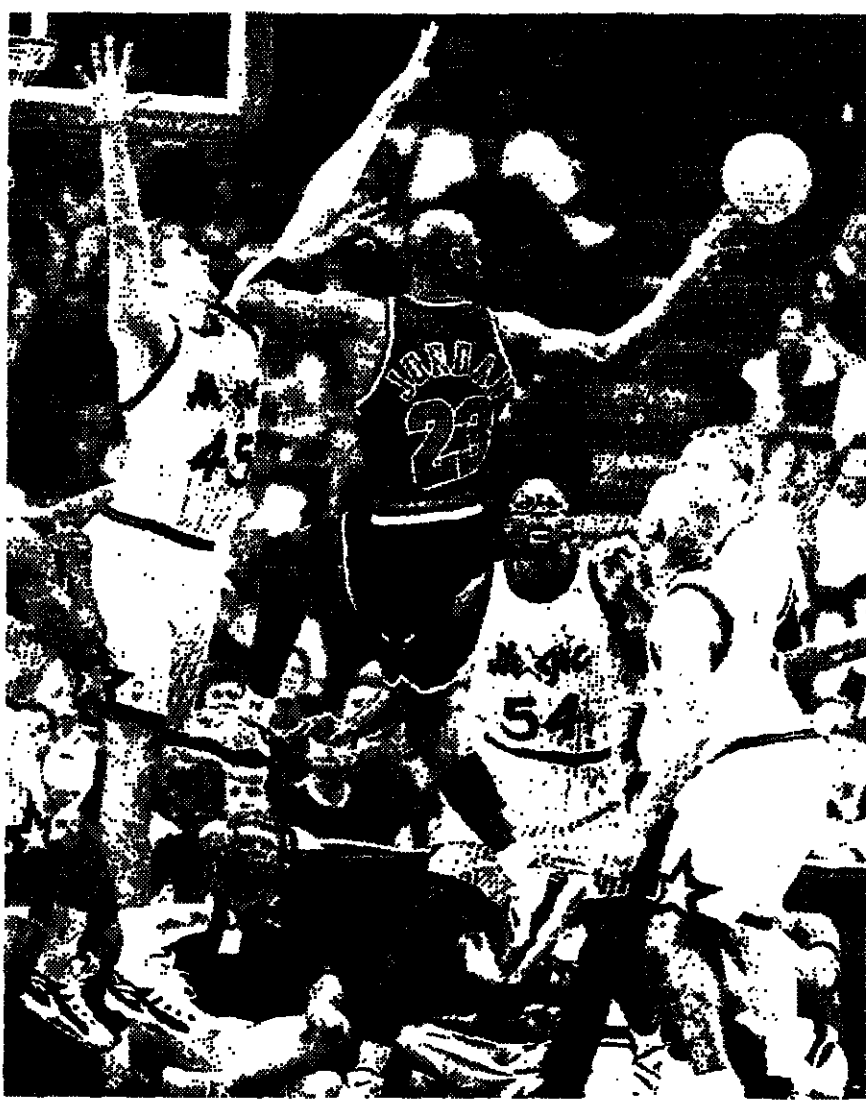
Rod Strickland added 25 points and 12 assists for the Blazers after going scoreless in the first quarter.

Lakers 108, Kings 100 Cedric Ceballos scored 31 points to help Los Angeles get its first road victory of the season, beating undermanned Sacramento.

The Lakers, who snapped a nine-game losing streak on the road dating back to last season, scored the game's final five points to pick up the victory.

The Kings, who played with eight players due to the suspension of four players for last week's fight at Indianapolis, were led by Mitch Richmond's 28 points. In the game's final minute, Richmond was called for his sixth foul, argued with the officials, then got two technicals and was ejected.

In the third quarter, the Kings' coach, Garry St. Jean was thrown out after getting two technicals.



Chicago's Michael Jordan flipping a pass over a slew of Magic in Orlando.

Lemieux's Star Continues to Burn Brightly

The Associated Press
Mario Lemieux and the Florida Panthers are the best stories in the NHL so far this season.

The two again made headlines with their performances Tuesday night — Lemieux

NHL ROUNDUP

with two goals and an assist as Pittsburgh beat Dallas, and the Panthers with their seventh straight victory, over Toronto.

Penguins 4, Stars 2 "The difference in this game was one player," the Stars coach, Bob Gainey, said of Lemieux. "I don't think any other parts of their team were any better than ours tonight."

Lemieux raised his NHL-leading point total to 40 in only his 12th game. Yet he continued to insist that he isn't at his peak. "I didn't feel very good on the ice," Lemieux said. "I didn't have the jump in my legs. My speed is not up to par yet."

Panthers 5, Maple Leafs 2 A goal by Rob Niedermayer capped a furious third-period rally for Florida.

Niedermayer knocked in the game-winner with 14 minutes left. The Panthers trailed Portland, 2-1, after two periods, then scored three goals within 10 minutes to win their fifth straight.

The Panthers, whose goal is to make the playoffs for the first time, were 1-10-3 lifetime when trailing after two periods, but have now won two straight in that situation.

Devils 1, Whalers 0 Randy McKay scored his second game-winning goal in as many games, and Martin Brodeur had a relatively easy time in goal as New Jersey beat visiting Hartford.

Capitals 2, Flyers 2 John LeClair scored the tying goal with 16 seconds left in regulation, lifting visiting Philadelphia into a tie with Washington. Stefan Luthi, a rookie, had a first-period goal for Washington and set up Brendan Witt's go-ahead score with 8:23 left, but the Capitals couldn't hold the lead and extended their winless streak to four games (0-3-1).

Lightning 5, Bruins 3 Alexander Selivanov had two goals and an assist as Tampa Bay snapped a four-game losing streak over visiting Boston. Selivanov has seven goals and 11 points in his last 10 games. The goals were his ninth and 10th of the season.

Blues 1, Rangers 1 In St. Louis, New York's first shot at Mike Keenan since he jumped ship was only partially successful as Geoff Courtnall and Jeff Beukeboom traded goals in a tie with St. Louis.

Keenan left to become the Blues' general manager and coach in July 1994, a month after leading the Rangers to their first Stanley Cup in 54 years. Last season the NHL had no interconference play until the postseason due to the lockout, so the teams did not meet.

Jets 6, Blackhawks 5 Shane Doan scored his first NHL goal late in the third period and got the overtime winner as host Winnipeg beat Chicago. His game-winner came just 39 seconds into overtime as he skated around veteran defenseman Steve Smith and faked out the goalie Ed Belfour.

Flames 4, Oilers 2 In Calgary, the Flames became the last NHL team to earn a home victory this season as Claude Lapointe scored late in the third period to key a victory over Edmonton.

Islanders 5, Sharks 3 Alexander Semak and Wendel Clark scored late in the third to lead visiting New York over San Jose.

Red Wings 6, Kings 5 Vladimir Konstantinov snapped a 13-game goal drought and Mike Ramsey scored the tiebreaker late in the second to end an 11-game slump as Detroit beat Los Angeles for the Red Wings' fifth straight victory.

A Diminished Football Game Comes On Big in Texas

By Sam Howe Verhovek
New York Times Service

ACKERLY, Texas — This cotton-farming town on the Texas prairie has lost three of its four cafés, all three gas stations, both pharmacies, both barber shops, the three-story Coleman Hotel and its picture show. It has lost more than two-thirds of its peak population and about half its school football team.

But only half.

All of which goes to explain why nearly the entire town of 243 persons turned out in a ranting West Texas wind last Friday night to watch the undefeated hometown Mustangs take on the undefeated Klondike Cougars for the Division 5-A championship of the state Six-Man Football League.

Six-man football, a throwback to the 1930s Depression, is enjoying a curious resurgence in a broad arc of the country curving from eastern Colorado down into the remote reaches of far West Texas. Paradoxically, the sport is growing in popularity precisely because in the last few decades these towns have been losing people.

"We used to play 11-man ball here," explained 92-year-old Curtis White, a retired cotton farmer. "But we're running out of boys."

The six-a-side game is played on a smaller field than regular football, and the scoring is slightly different. Every player is eligible to receive a pass, and the pace and high scores seem more akin to basketball. The fans here in Ackery — the younger ones huddled in blankets against the wind, the older ones seated in the heated cabs of pickup trucks that ring the 80-yard field — insist they would not go back to 11-man football even if they could.

"I love this game," says Zeldia Bibbo, the principal of the elementary school. "I

watch the Dallas Cowboys on TV, and I think, 'What's going on there? There are just too many guys out on the field.'"

In Texas, where Friday-night football is a revered institution, 84 public high schools, from Cotton Center to Lubbock and Sierra Blanca to Buena Vista, are now playing six-a-side football. Under state regulations for six-man ball, schools must have no more than 79 students enrolled in grades 9 through 12. (Ackery has 59.)

In the last 15 years, 27 schools have shifted to six-man ball, and at least six more Texas schools are expected to switch next fall. Several dozen more schools in Colorado, Nebraska, Kansas and New Mexico have six-man teams.

Although the towns are tiny, the interest tends to be intense. Some games, like the championship one here, drew several hundred people from surrounding counties.

In September, at a sort of Super Bowl exhibition of six-man football, 7,832 people turned out to watch the Bulldogs of Mullin, Texas, play the Warriors of Weldona, Colorado, two towns whose combined population is 343. The Colorado boys won, 58-44.

But big cities and the suburbs barely follow the sport, and many feats of athletic achievement on the small gridiron garner virtually no notice outside the farm and ranch communities where they happen.

"There are some amazing stories," said Granger Huntress, the editor and publisher of the Huntress Report, the weekly bible of six-player football in Texas. "Pete Salazar just eclipsed 10,000 yards rushing for his high school career this weekend," he said, referring to a superstar on the Mullin Bulldogs. "It's incredible, the numbers he's running up. But nobody's talking about it, because it's six-man football."

A similar lament can be heard from the players, who have no less natural talent or brawn than many schoolboys in other

Texas towns where 11-man games are attended by college recruiters.

"There's not much chance of getting recognized when you play six-man, I guess," said Josh Richter of Ackery, a 16-year-old tailback who dreams of playing college ball for Texas Tech. "Not many people have ever heard of it."

On the day of the big game here, wisps of cotton from the harvest blew through the town like snow and gathered on the vacant lots and along the empty buildings of Ackery's Main Street.

"That there used to be the hardware store and the building next door was a drug store with a soda fountain in it," said Laferne Webb, the assistant postmaster, pointing in the direction of some boarded-up buildings. "The variety store was there," she said, pointing at the tall grass in an empty lot.

"There used to be a lot of stuff here, but now there's hardly nothing at all," she said of the town about 70 miles (110 miles) south of Lubbock, Texas.

In a wide region known as Texas's Rolling Plains, all 28 counties lost population between 1980 and 1994 except Scurry County, which gained 10 residents, according to U.S. Census figures.

At the one surviving cotton gin in a town that used to have five, the general feeling among farmers is that Ackery has lost people because of "progress" of a sort — farms are far more mechanized and efficient.

"It used to be that 100 acres was a good-sized family farm," explained M.E. Dyer, an Ackery resident for 72 of his 75 years. "Now my son, he's farming 1,800 acres of cotton, and that's about an average-sized farm these days."

Joe Zant, 62, paused from a battle between his swatter and a fly to add with a small laugh, "But he doesn't make any more money than if he had 80 acres."

Others said that people had left the dusty plains simply because they do not need to live here any longer. "Supermarkets and paved roads, that's what did us in," said White.

As the afternoon wore on, an enormous dust storm blew in from the north, turning the big sky from blue to brown. But none of the town's economic problems or the quickly dropping temperatures seemed to matter much once it was time for the pep rally at the Sands Independent District School.

The gymnasium was packed with people of all ages, and the crowd went wild when Eric Herm, a 1992 graduate of the school whom defensive coordinator Jerry Gooch calls "the epitome of football," rose to speak.

Herm played fullback and middle linebacker and led the Mustangs to the state semifinals in 1991 before making the Abilene Christian University team as a walk-on.

"I know your heart is going 100 miles per hour right now," Herm told the Mustang players. "Every weight you lifted, every sprint you ran, every drop of sweat that came out of your head is not going to mean anything if you get beat tonight."

The Mustangs had enjoyed a ferociously successful season, winning all nine games, eight under a special "mercy rule" in six-man ball that ends the contest early if a team builds up a 45-point lead at any point after halftime.

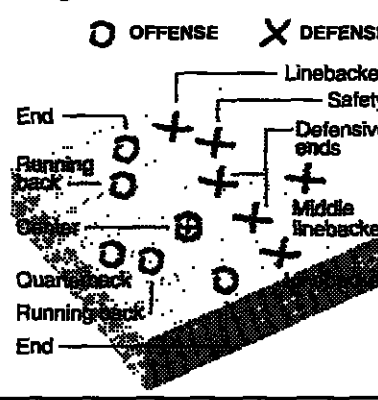
Last five victories had been 52-6, 49-0, 49-0, 46-0 and 50-0.

At kickoff time, the wind was howling and the ball would not stay on the tee. But despite the cold, it was a beautiful starry night in Texas, and the moon was rising. The time for football had come.

The game started well for the Mustangs who carried an 18-14 lead into the locker room at halftime, but after that, fortunes

How Six Players Line Up for Football

The quarterback stands back in a shotgun stance.



Source: Weldona Valley High School, Colorado. NYT

turned, and the game was all Klondike — itself a powerful 9-0 team, four games won under the 45-point rule. Klondike won, 40-24.

The Ackery players were disconsolate in the locker room, but all was not lost. With a 9-1 record, the team still makes the district playoffs, and it is just possible that they will get a rematch with the Cougars.

"You don't have a choice, guys; you have to get through this," said the head coach and high school principal, Billy Barnett. "You're going to deal with setbacks all the way through your adult life, and times like this are going to help you through it."

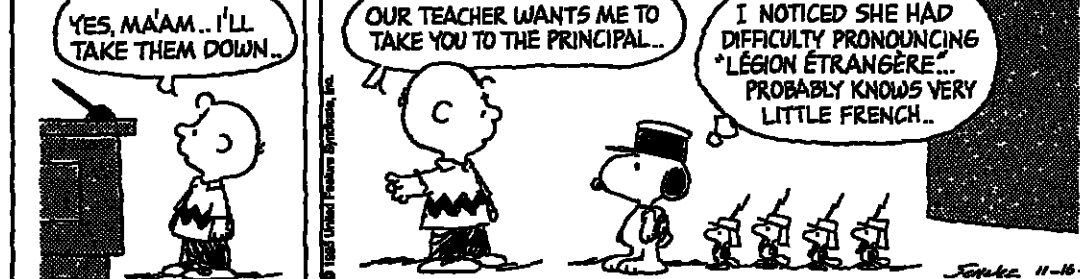
Out on the field, the fans were already talking of revenge in the playoffs. It is a rallying cry — and a way to stave off winter.

"This town still has great spirit," said Leon Bodine, 86, another retired cotton farmer. "What's left of it does, anyway."

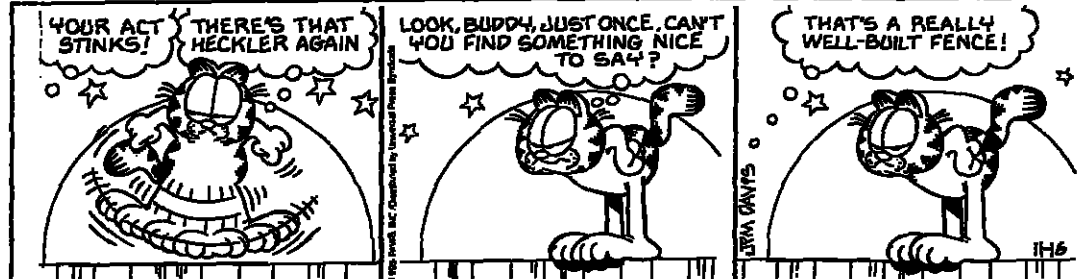
DENNIS THE MENACE



PEANUTS



GARFIELD



BEETLE BAILEY



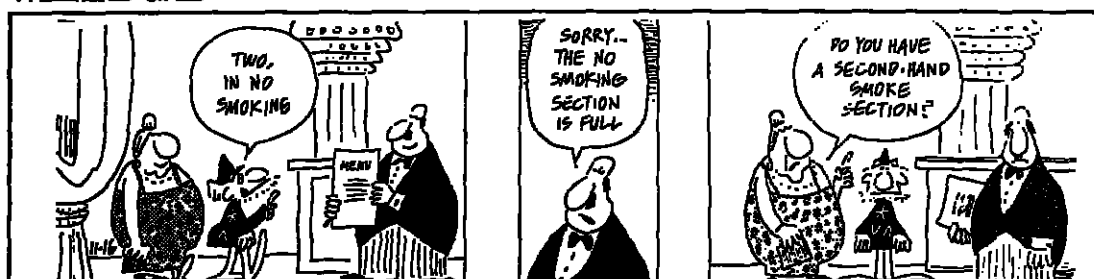
DOONESBURY



CALVIN AND HOBBS



WIZARD of ID



THE FAR SIDE



BLONDIE



JUMBLE
Unscramble these four jumbles.
The letter in each square, in the order indicated, forms the name of a famous person.

YAFIR
GENUB
SLAVIE
DRAWIN

Now arrange the letters in the order indicated to form the names of the famous persons.

Answer here: _____

MINOR ARMOR CONVEY SMILE
who is a famous person to whom that suit-
PC04085

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ART BUCHWALD

The Joys of Inhaling

WASHINGTON—The tobacco companies are playing hardball with the media. After winning a \$10-million suit against ABC, the tobacco czars tried to bring CBS's "60 Minutes" to its knees. Brown and Williamson, a cigarette producer accused of one thing or another concerning ingredients that might affect smoking, forced the network to cancel a segment being prepared on its practices.



Buchwald

I want my readers to know that I am not going to be cowed by pressure from the cigarette lawyers. It has always been my policy to call them as I see them, and let the chips fall where they may, come hell or high water.

So here's what I think about smoking in the present litigious atmosphere.

As far as I am concerned, smoking is a wonderful social pastime that can be enjoyed by everyone in the family, regardless of age or ideology.

The joy of inhaling is not

only in the puff, but in the taste which comes as close to a chocolate fudge sundae as you can get. The aroma of a cigarette burning resembles the smell of new-mown hay and many people develop a desire to roll around in it and cover themselves with moist nicotine.

One of the things that makes smoking so mouth-watering is the anticipation. When I was 12 years old I couldn't wait until I saved up enough money to buy a pack of cigarettes. Those of us who found cigarettes to be the secret to adulthood would prepare to smoke behind the railroad tracks, savoring the moment when we could light up and blow smoke rings in the sky.

Occasionally, we might cough, but we were certain that the smokes had nothing to do with it, and blamed it on the steam locomotives that passed close by.

When I grew up I smoked cigars, which gave me a bigger bang for the buck. There were people in my social group who objected to smoking of any kind, but all of them came to a bad end.

What do I think of smoking today? I think that we should have a choice. The tobacco companies are providing a vital service and the media has no right to pick on them.

I am willing to appear on "60 Minutes" and repeat what I have said here. If the media doesn't tell it the way it is, there is no hope for Joe Camel, the Marlboro man or even the Virginia Slims.

This is a democracy and tobacco is as essential to life as oxygen. As Voltaire once said, "I may not agree with a person smoking at the next table in a restaurant, but I will defend to the death his right to get sick."

Prague's Culture Minister Thinks Less Is More

By Alan Riding
New York Times Service

PRAGUE—Pavel Tigrid would like to close down the Czech Republic's Culture Ministry, which may seem odd since he is the culture minister. But he is quick to defend his position. For the 78-year-old writer, who returned from exile last year to take up his post, the very notion of "cultural policy" smells of communism. A democratic government should therefore interfere as little as possible in the arts.

Stocky, bearded, outspoken, Tigrid smiled at the neatness of his logic. "Culture" did very well with communism, he said in an interview in the French-style mansion that still houses the Culture Ministry. "The party was a milking cow, and it had plenty of milk. It gave money left and right, to theaters, to make films, but on one condition: don't mix with politics, don't be citizens. It was a kind of bribery."

So now, with political freedom restored and the Czech government no longer in the business of "bribing" artists, he holds that a Culture Ministry is unnecessary. Its 220 employees form a "terrible bureaucracy" that gobbles up money destined for the arts, he said. Further, he added, it is time that museums, theaters, opera houses, orchestras and the like started looking for financing from private sponsors.

But after 21 months in his job, Tigrid is also learning that change takes time. "I was wrong in thinking the ministry could be abolished in one or two years," he conceded. "Now, I would give it another five years, but not more." Put differently, he has discovered that his radical plan is not to the liking of opposition politicians, ministry civil servants and above all, people in the arts.

While a few score dissident writers and painters risked ostracism and jail by standing up to the regime under communism, performing artists depended on the government subsidies that sustained theater, opera and ballet companies, orchestras and the movie industry. Now much of that money has evaporated, the movie industry has been privatized and many artists and stage directors are struggling to make ends meet.

Tigrid is the target of their wrath. They accuse him of being the cultural hatchman of Prime Minister Vaclav Klaus's strongly pro-business economic policies. And they complain that having only returned to Prague in January 1994 after almost four decades in exile, he is out of touch with his native country.

Tigrid has a ready answer. "I was called in from abroad simply because none of my three predecessors had succeeded," he said, speaking



Writer Pavel Tigrid believes his country could do without a Culture Ministry.

in fluent English. "This is not criticism because I am failing myself. But I recognize that I belong to a pragmatic government working in a market economy. I have no political future so I don't play political games. I am 78 years old and will return to France when this is over."

He also bristles at the suggestion that he does not know his own country. He spent World War II in Britain, where he worked for the BBC's Czech-language service. He returned here in 1945, but left again in 1948 after the communist takeover, first for Germany, where he broadcast home via Radio Free Europe. Moving to the United States in 1952, he founded a Czech-language quarterly called Testimony. In 1960 he settled in France, wrote books and continued publishing the magazine.

"The brilliant idea of Testimony was that it

was not an émigré publication, but a cultural-political review intended to be read in communist Czechoslovakia," he said, adding that anonymous contributors included the dissident writer Vaclav Havel, now the president. "I followed what was happening here on a daily, on a weekly basis. I have said arrogantly that I think I know the cultural scene better than some of those who lived here."

To those who say Czech culture is in crisis, he responds that it is simply in transition. Many Culture Ministry responsibilities, for example, have been transferred to the municipal and regional authorities, which this year will spend about \$230 million on the arts. And while there is no tradition of nongovernmental support for the arts, a new law will soon offer tax incentives to companies and individuals that help finance cul-

tural programs. "We have people who have become very rich over the past five years who couldn't care less about culture," Tigrid said. "They don't even know what it is. But now I think the time is coming that a stronger middle class is emerging and there is an opening to culture. Of course, 50 percent of Czechs would prefer to go to beer halls, but interest in culture is growing."

He has defined his ministry's priority as that of restoring museums, monuments and churches that form part of the country's national heritage and were badly neglected under communism. But while 75 percent of his \$110 million budget is going to this program, the ministry is also ready to step in to help, say, a chamber orchestra that cannot find sponsors and risks going under. "I see our job as a balancing act," he added.

Many musicians, though, have already accepted the rules of the market. With Prague receiving millions of tourists each year, many of the city's churches have been turned into concert halls that provide an almost constant fare of Mozart, Bach, and Vivaldi. On one recent evening, for example, 22 concerts were being held simultaneously, and not one of them benefited from government financial aid.

Several privately owned contemporary art galleries have also opened, and although many Czech painters, sculptors, and conceptual artists still go abroad in search of clients, others are learning to survive independently. That they cannot look to the government for help is self-evident. Even the new National Gallery of Modern Art, which is to open in December, has been borrowing rather than buying works of top contemporary artists.

But Tigrid has been unable to keep clear of the crisis affecting the Czech Philharmonic Orchestra, where many musicians are in open rebellion against the chief conductor, Gerd Albrecht. And with the orchestra's program for its 100th anniversary in 1996 threatened by turmoil, the minister recently stepped in. "I told them, this is your jubilee season, so could you stop infighting," he recalled. "I said, 'For one year, please, perform properly and don't create troubles.'"

But this is clearly not a role that Tigrid savors. In his ideal world, the orchestra would be self-governing. And in place of a culture ministry, he would create an arts council modeled after the autonomous arts-financing bodies in Britain and Denmark. So in the end, he does in fact favor taxpayers' money going to the arts. But the communist experience has convinced him that no government should decide who gets what.

POSTCARD

7, 5, 3: The Years of Living Dangerously in Japan

By Mary Jordan
Washington Post Service

TOKYO—Sho Nakamura, dressed like a little Samurai with a tiny sword tucked into his kimono, cupped his hand in the incense rising from the fat black pot and rubbed a smoky handful on his head.

At Buddhist temples and Shinto shrines across Japan Wednesday, more than a million children ages 7, 5 and 3 repeated similar centuries-old ceremonies. The Shichigosan ("seven, five, three") festival invites children of these ages, considered risky ones, to pray for good health and luck.

The Japanese, known the world over for their prolific picture-taking, are said to take more photographs on this day than on any other. Children wear kimonos that can cost more than \$3,000. Parents skip work, mothers go to the beauty shop and grandparents gather for the major family event.

These rituals are major events in Japan, where tradition and superstition still play an elemental role in everyday life. A lot of the effort spent on 5-year-old Sho and the other youngsters at the gigantic Sensoji Temple is an investment in good fortune. Other examples are everywhere: Hospitals don't have fourth floors because they are unlucky, hotels give discounts for weddings held on unluckiest days of the month, and some Japanese go to great lengths to make sure their front door doesn't face north or northeast.

"These customs are important," said Emi Nakamura, Sho's mother. "They are not compulsory, but we feel that anything relating to God we shouldn't take lightly."

"In our tradition we have some 'bad luck' years, and 5 is one for boys," said the 36-year-old mother, dressed in her own pale blue silk kimono. "So we go to the shrine to pray that nothing bad happens to him."

According to the Association of Shinto Shrines, the number of people attending major festivals such as Shichigosan has increased in recent years.

Shinto shrines are everywhere in Japan; every neighborhood has one. Some have very specific purposes: One is for pregnant women to pray for a safe delivery, another is for fishermen to pray for safety at sea.

Shrines are where the Japanese mark various milestones. Mothers bring their newborns when they are 100 days old. Men and women go in splendid costume on their 20th birthdays, when they officially become adults in Japanese society. People get married and observe the New Year at shrines.

Funerals are usually held at Buddhist temples. But some temples, such as Sensoji, are so popular that Shichigosan and other happy occasions draw thousands of people.

WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	18/26	18/21	21/27	16/21	16	21
Amsterdam	8/10	7/4	11/14	6/8	4/8	10
Antwerp	14/22	8/12	17/24	10/16	8	16
Athens	18/24	11/22	18/25	14/27	14	27
Berlin	18/24	10/20	20/28	12/23	12	23
Birmingham	15/22	8/16	14/27	3/27	3	27
Bombay	24/32	24/28	28/32	24/32	24	32
Buenos Aires	18/24	7/4	11/14	6/8	4/8	10
Calcutta	24/32	24/28	28/32	24/32	24	32
Cairo	24/32	24/28	28/32	24/32	24	32
Cardiff	18/24	7/4	11/14	6/8	4/8	10
Chennai	24/32	24/28	28/32	24/32	24	32
Copenhagen	18/24	7/4	11/14	6/8	4/8	10
Dublin	18/24	7/4	11/14	6/8	4/8	10
Edinburgh	18/24	7/4	11/14	6/8	4/8	10
Helsinki	18/24	7/4	11/14	6/8	4/8	10
Hong Kong	24/32	24/28	28/32	24/32	24	32
London	18/24	7/4	11/14	6/8	4/8	10
Los Angeles	18/24	7/4	11/14	6/8	4/8	10
Madrid	18/24	7/4	11/14	6/8	4/8	10
Moscow	18/24	7/4	11/14	6/8	4/8	10
Mumbai	24/32	24/28	28/32	24/32	24	32
New York	18/24	7/4	11/14	6/8	4/8	10
Osaka	24/32	24/28	28/32	24/32	24	32
Paris	18/24	7/4	11/14	6/8	4/8	10
Perth	18/24	7/4	11/14	6/8	4/8	10
Rangoon	24/32	24/28	28/32	24/32	24	32
Reykjavik	18/24	7/4	11/14	6/8	4/8	10
Rome	18/24	7/4	11/14	6/8	4/8	10
Sao Paulo	24/32	24/28	28/32	24/32	24	32
Seoul	24/32	24/28	28/32	24/32	24	32
Shanghai	24/32	24/28	28/32	24/32	24	32
Singapore	24/32	24/28	28/32	24/32	24	32
Sydney	18/24	7/4	11/14	6/8	4/8	10
Taipei	24/32	24/28	28/32	24/32	24	32
Tokyo	24/32	24/28	28/32	24/32	24	32
Yokohama	24/32	24/28	28/32	24/32	24	32



North America	Today	Low	High	Tomorrow	Low	High
Alaska	18/24	7/4	11/14	6/8	4/8	10
Arizona	24/32	24/28	28/32	24/32	24	32
California	24/32	24/28	28/32	24/32	24	32
Canada	18/24	7/4	11/14	6/8	4/8	10
Florida	24/32	24/28	28/32	24/32	24	32
Germany	18/24	7/4	11/14	6/8	4/8	10
Greece	18/24	7/4	11/14	6/8	4/8	10
India	24/32	24/28	28/32	24/32	24	32
Indonesia	24/32	24/28	28/32	24/32	24	32
Italy	18/24	7/4	11/14	6/8	4/8	10
Japan	24/32	24/28	28/32	24/32	24	32
Korea	24/32	24/28	28/32	24/32	24	32
Malaysia	24/32	24/28	28/32	24/32	24	32
Mexico	24/32	24/28	28/32	24/32	24	32
Netherlands	18/24	7/4	11/14	6/8	4/8	10
Norway	18/24	7/4	11/14	6/8	4/8	10
Poland	18/24	7/4	11/14	6/8	4/8	10
Portugal	18/24	7/4	11/14	6/8	4/8	10
Russia	18/24	7/4	11/14	6/8	4/8	10
Saudi Arabia	24/32	24/28	28/32	24/32	24	32
Spain	18/24	7/4	11/14	6/8	4/8	10
Sweden	18/24	7/4	11/14	6/8	4/8	10
Switzerland	18/24	7/4	11/14	6/8	4/8	10
Taiwan	24/32	24/28	28/32	24/32	24	32
Thailand	24/32	24/28	28/32	24/32	24	32
U.S.	18/24	7/4	11/14	6/8	4/8	10
U.K.	18/24	7/4	11/14	6/8	4/8	10
U.S.S.R.	18/24	7/4	11/14	6/8	4/8	10
Vietnam	24/32	24/28	28/32	24/32	24	32
Yugoslavia	18/24	7/4	11/14	6/8	4/8	10

Asia	Today	Low	High	Tomorrow	Low	High
Bangkok	24/32	24/28	28/32	24/32	24	32
Beijing	18/24	7/4	11/14	6/8	4/8	10
Bombay	24/32	24/28	28/32	24/32	24	32
Calcutta	24/32	24/28	28/32	24/32	24	32
Chennai	24/32	24/28	28/32	24/32	24	32
Cebu	24/32	24/28	28/32	24/32	24	32
Dhaka	24/32	24/28	28/32	24/32	24	32
Hankow	18/24	7/4	11/14	6/8	4/8	10
Hong Kong	24/32	24/28	28/32	24/32	24	32
Kobe	24/32	24/28	28/32	24/32	24	32
London	18/24	7/4	11/14	6/8	4/8	10
Los Angeles	18/24	7/4	11/14	6/8	4/8	10
Manila	24/32	24/28	28/32	24/32	24	32
Moscow	18/24	7/4	11/14	6/8	4/8	10
Mumbai	24/32	24/28	28/32	24/32	24	32
New Delhi	24/32	24/28	28/32	24/32	24	32
Osaka	24/32	24/28	28/32	24/32	24	32
Seoul	24/32	24/28	28/32	24/32	24	32
Singapore	24/32	24/28	28/32	24/32	24	32
Tokyo	24/32	24/28	28/32	24/32	24	32
Yokohama	24/32	24/28	28/32	24/32	24	32

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	18/24	7/4	11/14	6/8	4/8	10
Amsterdam	8/10	7/4	11/14	6/8	4/8	10
Antwerp	14/22	8/12	17/24	10/16	8	16
Athens	18/24	11/22	18/25	14/27	14	27
Berlin	18/24	10/20	20/28	12/23	12	23
Birmingham	15/22	8/16	14/27	3/27	3	27
Bombay	24/32	24/28	28/32	24/32	24	32
Buenos Aires	18/24	7/4	11/14	6/8	4/8	10
Calcutta	24/32	24/28	28/32	24/32	24	32
Cairo	24/32	24/28	28/32	24/32	24	32
Cardiff	18/24	7/4	11/14	6/8	4/8	10
Chennai	24/32	24/28	28/32	24/32	24	32
Copenhagen	18/24	7/4	11/14	6/8	4/8	10
Dublin	18/24	7/4	11/14	6/8	4/8	10
Edinburgh	18/24	7/4	11/14	6/8	4/8	10
Helsinki	18/24	7/4	11/14	6/8	4/8	10
Hong Kong	24/32	24/28	28/32	24/32	24	32
London	18/24	7/4	11/14	6/8	4/8	10
Los Angeles	18/24	7/4	11/14	6/8	4/8	10
Madrid	18/24	7/4	11/14	6/8	4/8	10
Moscow	18/24	7/4	11/14	6/8	4/8	10
Mumbai	24/32	24/28	28/32	24/32	24	32
New York	18/24	7/4	11/14	6/8	4/8	10
Osaka	24/32	24/28	28/32	24/32	24	32
Paris	18/24	7/4	11/14	6/8	4/8	10
Perth	18/24	7/4	11/14	6/8	4/8	10
Rangoon	24/32	24/28	28/32	24/32	24	32